

Senate Engrossed House Bill

FILED

KEN BENNETT
SECRETARY OF STATE

State of Arizona
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Second Regular Session
2010

CHAPTER 318

HOUSE BILL 2385

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 17, SECTION 2; AMENDING SECTIONS 15-238, 15-239 AND 15-241, ARIZONA REVISED STATUTES; AMENDING SECTION 15-393, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 17, SECTION 6; AMENDING SECTIONS 15-461, 15-771, 15-803 AND 15-806, ARIZONA REVISED STATUTES; AMENDING SECTION 15-808, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 17, SECTION 11; AMENDING SECTIONS 15-861 AND 15-901, ARIZONA REVISED STATUTES; REPEALING SECTION 15-902, ARIZONA REVISED STATUTES; AMENDING SECTION 15-902.01, ARIZONA REVISED STATUTES; REPEALING SECTION 15-902.02, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 15-902.03 AND 15-902.04; AMENDING SECTIONS 15-910.01 AND 15-915, ARIZONA REVISED STATUTES; AMENDING SECTION 15-1021, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 17, SECTION 16; AMENDING SECTIONS 15-1371, 15-1372, 16-531 AND 41-563, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-185, Arizona Revised Statutes, as amended by
3 Laws 2010, chapter 17, section 2, is amended to read:

4 15-185. Charter schools; financing; civil penalty;
5 transportation; definitions

6 A. Financial provisions for a charter school that is sponsored by a
7 school district governing board are as follows:

8 1. The charter school shall be included in the district's budget and
9 financial assistance calculations pursuant to paragraph 3 of this subsection
10 and chapter 9 of this title, except for chapter 9, article 4 of this title.
11 The charter of the charter school shall include a description of the methods
12 of funding the charter school by the school district. The school district
13 shall send a copy of the charter and application, including a description of
14 how the school district plans to fund the school, to the state board of
15 education before the start of the first fiscal year of operation of the
16 charter school. The charter or application shall include an estimate of the
17 student count for the charter school for its first fiscal year of operation.
18 This estimate shall be computed pursuant to the requirements of paragraph 3
19 of this subsection.

20 2. A school district is not financially responsible for any charter
21 school that is sponsored by the state board of education or the state board
22 for charter schools.

23 3. A school district that sponsors a charter school may:

24 (a) Increase its student count as provided in subsection B, paragraph
25 2 of this section during the first year of the charter school's operation to
26 include those charter school pupils who were not previously enrolled in the
27 school district. A charter school sponsored by a school district governing
28 board is eligible for the assistance prescribed in subsection B, paragraph 4
29 of this section. The soft capital allocation as provided in section 15-962
30 for the school district sponsoring the charter school shall be increased by
31 the amount of the additional assistance. The school district shall include
32 the full amount of the additional assistance in the funding provided to the
33 charter school.

34 (b) Compute separate weighted student counts pursuant to section
35 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
36 school pupils in order to maintain eligibility for small school district
37 support level weights authorized in section 15-943, paragraph 1 for its
38 noncharter school pupils only. The portion of a district's student count
39 that is attributable to charter school pupils is not eligible for small
40 school district support level weights.

41 4. If a school district uses the provisions of paragraph 3 of this
42 subsection, the school district is not eligible to include those pupils in
43 its student count for the purposes of computing an increase in its revenue
44 control limit and district support level as provided in section 15-948.

1 5. A school district that sponsors a charter school is not eligible to
2 include the charter school pupils in its student count for the purpose of
3 computing an increase in its capital outlay revenue limit as provided in
4 section 15-961, subsection C, except that if the charter school was
5 previously a school in the district, the district may include in its student
6 count any charter school pupils who were enrolled in the school district in
7 the prior year.

8 6. A school district that sponsors a charter school is not eligible to
9 include the charter school pupils in its student count for the purpose of
10 computing the revenue control limit which is used to determine the maximum
11 budget increase as provided in chapter 4, article 4 of this title unless the
12 charter school is located within the boundaries of the school district.

13 7. If a school district converts one or more of its district public
14 schools to a charter school and receives assistance as prescribed in
15 subsection B, paragraph 4 of this section, and subsequently converts the
16 charter school back to a district public school, the school district shall
17 repay the state the total additional assistance received for the charter
18 school for all years that the charter school was in operation. The repayment
19 shall be in one lump sum and shall be reduced from the school district's
20 current year equalization assistance. The school district's general budget
21 limit shall be reduced by the same lump sum amount in the current year.

22 B. Financial provisions for a charter school that is sponsored by the
23 state board of education or the state board for charter schools are as
24 follows:

25 1. The charter school shall calculate a base support level as
26 prescribed in section 15-943, except that sections 15-941 and 15-942 do not
27 apply to these charter schools.

28 2. Notwithstanding paragraph 1 of this subsection, the student count
29 shall be determined initially using an estimated student count based on
30 actual registration of pupils before the beginning of the school year. After
31 the first one hundred days or two hundred days in session, as applicable, the
32 charter school shall revise the student count to be equal to the actual
33 average daily membership, as defined in section 15-901, ~~or the adjusted~~
34 ~~average daily membership, as prescribed in section 15-902, of the charter~~
35 ~~school. A charter school that provides two hundred days of instruction may~~
36 ~~use section 15-902.02 for the purposes of this section.~~ Before the one
37 hundredth day or two hundredth day in session, as applicable, the state board
38 of education or the state board for charter schools may require a charter
39 school to report periodically regarding pupil enrollment and attendance, and
40 the department of education may revise its computation of equalization
41 assistance based on the report. A charter school shall revise its student
42 count, base support level and additional assistance before May 15. A charter
43 school that overestimated its student count shall revise its budget before
44 May 15. A charter school that underestimated its student count may revise
45 its budget before May 15.

1 3. A charter school may utilize section 15-855 for the purposes of
2 this section. The charter school and the department of education shall
3 prescribe procedures for determining ~~average daily attendance and average~~
4 daily membership.

5 4. Equalization assistance for the charter school shall be determined
6 by adding the amount of the base support level and additional assistance.
7 The amount of the additional assistance is one thousand five hundred
8 eighty-eight dollars forty-four cents per student count in kindergarten
9 programs and grades one through eight and one thousand eight hundred
10 fifty-one dollars thirty cents per student count in grades nine through
11 twelve.

12 5. The state board of education shall apportion state aid from the
13 appropriations made for such purposes to the state treasurer for disbursement
14 to the charter schools in each county in an amount as determined by this
15 paragraph. The apportionments shall be made as prescribed in section 15-973,
16 subsection B.

17 6. The charter school shall not charge tuition for pupils who reside
18 in this state, levy taxes or issue bonds. A charter school may admit pupils
19 who are not residents of this state and shall charge tuition for those pupils
20 in the same manner prescribed in section 15-823.

21 7. Not later than noon on the day preceding each apportionment date
22 established by paragraph 5 of this subsection, the superintendent of public
23 instruction shall furnish to the state treasurer an abstract of the
24 apportionment and shall certify the apportionment to the department of
25 administration, which shall draw its warrant in favor of the charter schools
26 for the amount apportioned.

27 C. If a pupil is enrolled in both a charter school and a public school
28 that is not a charter school, the sum of the daily membership, which includes
29 enrollment as prescribed in section 15-901, subsection A, paragraph 2- 1,
30 subdivisions (a) and (b) and daily attendance as prescribed in section
31 15-901, subsection A, paragraph 6- 5, for that pupil in the school district
32 and the charter school shall not exceed 1.0, except that if the pupil is
33 enrolled in both a charter school and a joint technical education district
34 and resides within the boundaries of a school district participating in the
35 joint technical education district, the sum of the average daily membership
36 for that pupil in the charter school and the joint technical education
37 district shall not exceed 1.25. If a pupil is enrolled in both a charter
38 school and a public school that is not a charter school, the department of
39 education shall direct the average daily membership to the school with the
40 most recent enrollment date. Upon validation of actual enrollment in both a
41 charter school and a public school that is not a charter school and if the
42 sum of the daily membership or daily attendance for that pupil is greater
43 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between
44 the public school and the charter school based on the percentage of total
45 time that the pupil is enrolled or in attendance in the public school and the

1 charter school, except that if the pupil is enrolled in both a charter school
2 and a joint technical education district and resides within the boundaries of
3 a school district participating in the joint technical education district,
4 the sum of the average daily membership for that pupil in the charter school
5 and the joint technical education district shall be reduced to 1.25 and shall
6 be apportioned between the charter school and the joint technical education
7 district based on the percentage of total time that the pupil is enrolled or
8 in attendance in the charter school and the joint technical education
9 district. The uniform system of financial records shall include guidelines
10 for the apportionment of the pupil enrollment and attendance as provided in
11 this section.

12 D. Charter schools are allowed to accept grants and gifts to
13 supplement their state funding, but it is not the intent of the charter
14 school law to require taxpayers to pay twice to educate the same pupils. The
15 base support level for a charter school or for a school district sponsoring a
16 charter school shall be reduced by an amount equal to the total amount of
17 monies received by a charter school from a federal or state agency if the
18 federal or state monies are intended for the basic maintenance and operations
19 of the school. The superintendent of public instruction shall estimate the
20 amount of the reduction for the budget year and shall revise the reduction to
21 reflect the actual amount before May 15 of the current year. If the
22 reduction results in a negative amount, the negative amount shall be used in
23 computing all budget limits and equalization assistance, except that:

24 1. Equalization assistance shall not be less than zero.

25 2. For a charter school sponsored by the state board of education or
26 the state board for charter schools, the total of the base support level and
27 the additional assistance shall not be less than zero.

28 3. For a charter school sponsored by a school district, the base
29 support level for the school district shall not be reduced by more than the
30 amount that the charter school increased the district's base support level,
31 capital outlay revenue limit and soft capital allocation.

32 E. If a charter school was a district public school in the prior year
33 and is now being operated for or by the same school district and sponsored by
34 the state board of education, the state board for charter schools or a school
35 district governing board, the reduction in subsection D of this section
36 applies. The reduction to the base support level of the charter school or
37 the sponsoring district of the charter school shall equal the sum of the base
38 support level and the additional assistance received in the current year for
39 those pupils who were enrolled in the traditional public school in the prior
40 year and are now enrolled in the charter school in the current year.

41 F. Equalization assistance for charter schools shall be provided as a
42 single amount based on average daily membership without categorical
43 distinctions between maintenance and operations or capital.

1 G. At the request of a charter school, the county school
2 superintendent of the county where the charter school is located may provide
3 the same educational services to the charter school as prescribed in section
4 15-308, subsection A. The county school superintendent may charge a fee to
5 recover costs for providing educational services to charter schools.

6 H. If the sponsor of the charter school determines at a public meeting
7 that the charter school is not in compliance with federal law, with the laws
8 of this state or with its charter, the sponsor of a charter school may submit
9 a request to the department of education to withhold up to ten per cent of
10 the monthly apportionment of state aid that would otherwise be due the
11 charter school. The department of education shall adjust the charter
12 school's apportionment accordingly. The sponsor shall provide written notice
13 to the charter school at least seventy-two hours before the meeting and shall
14 allow the charter school to respond to the allegations of noncompliance at
15 the meeting before the sponsor makes a final determination to notify the
16 department of education of noncompliance. The charter school shall submit a
17 corrective action plan to the sponsor on a date specified by the sponsor at
18 the meeting. The corrective action plan shall be designed to correct
19 deficiencies at the charter school and to ensure that the charter school
20 promptly returns to compliance. When the sponsor determines that the charter
21 school is in compliance, the department of education shall restore the full
22 amount of state aid payments to the charter school.

23 I. In addition to the withholding of state aid payments pursuant to
24 subsection H of this section, the sponsor of a charter school may impose a
25 civil penalty of one thousand dollars per occurrence if a charter school
26 fails to comply with the fingerprinting requirements prescribed in section
27 15-183, subsection C or section 15-512. The sponsor of a charter school
28 shall not impose a civil penalty if it is the first time that a charter
29 school is out of compliance with the fingerprinting requirements and if the
30 charter school provides proof within forty-eight hours of written
31 notification that an application for the appropriate fingerprint check has
32 been received by the department of public safety. The sponsor of the charter
33 school shall obtain proof that the charter school has been notified, and the
34 notification shall identify the date of the deadline and shall be signed by
35 both parties. The sponsor of a charter school shall automatically impose a
36 civil penalty of one thousand dollars per occurrence if the sponsor
37 determines that the charter school subsequently violates the fingerprinting
38 requirements. Civil penalties pursuant to this subsection shall be assessed
39 by requesting the department of education to reduce the amount of state aid
40 that the charter school would otherwise receive by an amount equal to the
41 civil penalty. The amount of state aid withheld shall revert to the state
42 general fund at the end of the fiscal year.

43 J. A charter school may receive and spend monies distributed by the
44 department of education pursuant to section 42-5029, subsection E and section
45 37-521, subsection B.

1 K. If a school district transports or contracts to transport pupils to
2 the Arizona state schools for the deaf and the blind during any fiscal year,
3 the school district may transport or contract with a charter school to
4 transport sensory impaired pupils during that same fiscal year to a charter
5 school if requested by the parent of the pupil and if the distance from the
6 pupil's place of actual residence within the school district to the charter
7 school is less than the distance from the pupil's place of actual residence
8 within the school district to the campus of the Arizona state schools for the
9 deaf and the blind.

10 L. For the purposes of this section:

11 1. "Monies intended for the basic maintenance and operations of the
12 school" means monies intended to provide support for the educational program
13 of the school, except that it does not include supplemental assistance for a
14 specific purpose or title VIII of the elementary and secondary education act
15 of 1965 monies. The auditor general shall determine which federal or state
16 monies meet the definition in this paragraph.

17 2. "Operated for or by the same school district" means the charter
18 school is either governed by the same district governing board or operated by
19 the district in the same manner as other traditional schools in the district
20 or is operated by an independent party that has a contract with the school
21 district. The auditor general and the department of education shall
22 determine which charter schools meet the definition in this subsection.

23 Sec. 2. Section 15-238, Arizona Revised Statutes, is amended to read:

24 15-238. Statewide student estimate

25 Before February 15 of each year the department of education shall
26 submit to the economic estimates commission the total estimated statewide
27 number of students determined for the current year ~~using the unit of~~
28 ~~measurement prescribed in section 15-902, subsections A and B.~~

29 Sec. 3. Section 15-239, Arizona Revised Statutes, is amended to read:

30 15-239. School compliance and recognition; accreditation;
31 audits

32 A. The department of education may:

33 1. Monitor school districts to ascertain that laws applying to the
34 school districts are implemented as prescribed by law.

35 2. Adopt a system of recognition for school districts that meet or
36 exceed the requirements of the law that apply to the school districts.

37 3. Establish standards and procedures for the accreditation of all
38 schools requesting state accreditation.

39 B. The department of education may adopt guidelines necessary to
40 implement this section.

41 C. The department of education may conduct financial, compliance or
42 average daily membership audits of school districts and charter schools.
43 BEGINNING IN FISCAL YEAR 2011-2012 AND IN EACH FISCAL YEAR THEREAFTER, THE
44 DEPARTMENT OF EDUCATION SHALL INCLUDE AT LEAST A TEN PER CENT SAMPLE OF DAILY
45 ATTENDANCE RECORDS AS PART OF THE AVERAGE DAILY MEMBERSHIP AUDITS.

1 D. The auditor general may conduct financial, program, compliance or
2 average daily membership audits of school districts and charter schools.
3 BEGINNING IN FISCAL YEAR 2011-2012 AND IN EACH FISCAL YEAR THEREAFTER, THE
4 AUDITOR GENERAL SHALL INCLUDE AT LEAST A TEN PER CENT SAMPLE OF DAILY
5 ATTENDANCE RECORDS AS PART OF THE AVERAGE DAILY MEMBERSHIP AUDITS.

6 Sec. 4. Section 15-241, Arizona Revised Statutes, is amended to read:

7 15-241. School accountability; schools failing to meet academic
8 standards; failing schools tutoring fund;
9 classification label for school districts and charter
10 school operators

11 A. The department of education shall compile an annual achievement
12 profile for each public school.

13 B. Each school shall submit to the department any data that is
14 required and requested and that is necessary to compile the achievement
15 profile. A school that fails to submit the information that is necessary is
16 not eligible to receive monies from the classroom site fund established by
17 section 15-977.

18 C. The department shall establish a baseline achievement profile for
19 each school ~~by October 15, 2001~~. The baseline achievement profile shall be
20 used to determine a standard measurement of acceptable academic progress for
21 each school and a school classification pursuant to subsection H of this
22 section. Any disclosure of educational records compiled by the department of
23 education pursuant to this section shall comply with the family educational
24 and privacy rights act of 1974 (20 United States Code section 1232g).

25 D. The achievement profile for schools that offer instruction in
26 kindergarten programs and grades one through eight, or any combination of
27 those programs or grades, shall include the following school academic
28 performance indicators:

29 1. The Arizona measure of academic progress. The department shall
30 compute the extent of academic progress made by the pupils in each school
31 during the course of each year.

32 2. The Arizona instrument to measure standards test. The department
33 shall compute the percentage of pupils who meet or exceed the standard on the
34 Arizona instrument to measure standards test, as prescribed by the state
35 board of education. The superintendent of public instruction and the
36 department may calculate academic gain on the Arizona instrument to measure
37 standards test according to each of the school classifications prescribed in
38 subsection G of this section on a statewide basis, for each school district
39 in this state and for each school by determining the average scale scores for
40 students in the current academic year as compared to the average scale scores
41 for the previous academic year for the same students.

42 3. The results of English language learners tests administered
43 pursuant to section 15-756, subsection B, section 15-756.05 and section
44 15-756.06.

1 E. The achievement profile for schools that offer instruction in
2 grades nine through twelve, or any combination of those grades, shall include
3 the following school academic performance indicators:

4 1. The Arizona instrument to measure standards test. The department
5 shall compute the percentage of pupils pursuant to subsection G of this
6 section who meet or exceed the standard on the Arizona instrument to measure
7 standards test, as prescribed by the state board of education. The
8 superintendent of public instruction and the department may calculate
9 academic gain on the Arizona instrument to measure standards test according
10 to each of the school classifications prescribed in subsection G of this
11 section on a statewide basis, for each school district in this state and for
12 each school by determining the average scale scores for students in the
13 current academic year as compared to the average scale scores for the
14 previous academic year for the same students.

15 2. The annual dropout rate.

16 3. The annual graduation rate.

17 4. The results of English language learners tests administered
18 pursuant to section 15-756, subsection B, section 15-756.05 and section
19 15-756.06.

20 F. Schools that offer instruction in all or a combination of the
21 grades specified in subsections D and E of this section shall include a
22 single achievement profile for that school that includes the school academic
23 performance indicators specified in subsections D and E of this section.

24 G. Subject to final adoption by the state board of education, the
25 department shall determine the criteria for each school classification using
26 a research based methodology. The methodology shall include the performance
27 of pupils at all achievement levels, account for pupil mobility, account for
28 the distribution of pupil achievement at each school and include longitudinal
29 indicators of academic performance. For the purposes of this subsection,
30 "research based methodology" means the systematic and objective application
31 of statistical and quantitative research principles to determine a standard
32 measurement of acceptable academic progress for each school.

33 H. The achievement profile shall be used to determine a school
34 classification that designates each school as one of the following:

35 1. An excelling school.

36 2. A highly performing school.

37 3. A performing school.

38 4. An underperforming school.

39 5. A school failing to meet academic standards.

40 I. The classification for each school and the criteria used to
41 determine classification pursuant to subsection G of this section shall be
42 included on the school report card prescribed in section 15-746.

43 J. Subject to final adoption by the state board of education, the
44 department of education shall develop a parallel achievement profile for
45 accommodation schools, alternative schools as defined by the state board of

1 education and extremely small schools as defined by the state board of
2 education for the purposes of this section.

3 K. If a school is designated as an underperforming school, within
4 ninety days after receiving notice of the designation, the governing board
5 shall develop an improvement plan for the school, submit a copy of the plan
6 to the superintendent of public instruction and supervise the implementation
7 of the plan. The plan shall include necessary components as identified by
8 the state board of education. Within thirty days after submitting the
9 improvement plan to the superintendent of public instruction, the governing
10 board shall hold a special public meeting in each school that has been
11 designated as an underperforming school and shall present the respective
12 improvement plans that have been developed for each school. The school
13 district governing board, within thirty days of receiving notice of the
14 designation, shall provide written notification of the classification to each
15 residence within the attendance area of the school. The notice shall explain
16 the improvement plan process and provide information regarding the public
17 meeting required by this subsection.

18 L. A school that has not submitted an improvement plan pursuant to
19 subsection K of this section is not eligible to receive monies from the
20 classroom site fund established by section 15-977 for every day that a plan
21 has not been received by the superintendent of public instruction within the
22 time specified in subsection K of this section plus an additional ninety
23 days. The state board of education shall require the superintendent of the
24 school district to testify before the board and explain the reasons that an
25 improvement plan for that school has not been submitted.

26 M. If a charter school is designated as an underperforming school,
27 within thirty days the school shall notify the parents of the students
28 attending the school of the classification. The notice shall explain the
29 improvement plan process and provide information regarding the public meeting
30 required by this subsection. Within ninety days of receiving the
31 classification, the charter holder shall present an improvement plan to the
32 charter sponsor at a public meeting and submit a copy of the plan to the
33 superintendent of public instruction. The improvement plan shall include
34 necessary components as identified by the state board of education. For
35 every day that an improvement plan is not received by the superintendent of
36 public instruction, the school is not eligible to receive monies from the
37 classroom site fund established by section 15-977 for every day that a plan
38 has not been received by the superintendent of public instruction within the
39 time specified in subsection K of this section plus an additional ninety
40 days. The charter holder shall appear before the sponsoring board and
41 explain why the improvement plan has not been submitted.

42 N. The department of education shall establish an appeals process, to
43 be approved by the state board of education, for a school to appeal data used
44 to determine the achievement profile of the school. The criteria established

1 shall be based on mitigating factors and may include a visit to the school
2 site by the department of education.

3 O. If a school remains classified as an underperforming school for a
4 third consecutive year, the department of education shall visit the school
5 site to confirm the classification data and to review the implementation of
6 the school's improvement plan. The school shall be classified as failing to
7 meet academic standards unless an alternate classification is made after an
8 appeal pursuant to subsection N of this section.

9 P. The school district governing board, within thirty days of
10 receiving notice of the school failing to meet academic standards
11 classification, shall provide written notification of the classification to
12 each residence in the attendance area of the school. The notice shall
13 explain the improvement plan process and provide information regarding the
14 public meeting required by subsection S of this section.

15 Q. The superintendent of public instruction, based on need, shall
16 assign a solutions team to an underperforming school, a school failing to
17 meet academic standards or any other school pursuant to a mutual agreement
18 between the department of education and the school comprised of master
19 teachers, fiscal analysts and curriculum assessment experts who are certified
20 by the state board of education as Arizona academic standards technicians.
21 The department of education may hire or contract with administrators,
22 principals and teachers who have demonstrated experience with the
23 characteristics and situations in an underperforming school or a school
24 failing to meet academic standards and may use these personnel as part of the
25 solutions team. The department of education shall work with staff at the
26 school to assist in curricula alignment and shall instruct teachers on how to
27 increase pupil academic progress, considering the school's achievement
28 profile. The solutions team shall consider the existing improvement plan to
29 assess the need for changes to curriculum, professional development and
30 resource allocation and shall present a statement of its findings to the
31 school administrator and district superintendent. Within forty-five days
32 after the presentation of the solutions team's statement of findings, the
33 school district governing board, in cooperation with each school within the
34 school district that is designated an underperforming school and its assigned
35 solutions team representative, shall develop and submit to the department of
36 education an action plan that details the manner in which the school district
37 will assist the school as the school incorporates the findings of the
38 solutions team into the improvement plan. The department of education shall
39 review the action plan and shall either accept the action plan or return the
40 action plan to the school district for modification. If the school district
41 does not submit an approved action plan within forty-five days, the state
42 board of education may direct the superintendent of public instruction to
43 withhold up to ten per cent of state monies that the school district would
44 otherwise be entitled to receive each month until the plan is submitted to

1 the department of education, at which time those monies shall be returned to
2 the school district.

3 R. The parent or the guardian of the pupil may apply to the department
4 of education, in a manner determined by the department of education, for a
5 certificate of supplemental instruction from the failing schools tutoring
6 fund established by this section. Pupils attending a school designated as an
7 underperforming school or a school failing to meet academic standards or a
8 pupil who has failed to pass one or more portions of the Arizona instrument
9 to measure standards test in grades eight through twelve in order to graduate
10 from high school may select an alternative tutoring program in academic
11 standards from a provider that is certified by the state board of
12 education. To qualify, the provider must state in writing a level of
13 academic improvement for the pupil that includes a timeline for improvement
14 that is agreed to by the parent or guardian of the pupil. The state board of
15 education shall annually review academic performance levels for providers
16 certified pursuant to this subsection and may remove a provider at a public
17 hearing from an approved list of providers if that provider fails to meet its
18 stated level of academic improvement. The state board of education shall
19 determine the application guidelines and the maximum value for each
20 certificate of supplemental instruction. The state board of education shall
21 annually complete a market survey in order to determine the maximum value for
22 each certificate of supplemental instruction. Nothing in this subsection
23 shall be construed to require the state to provide additional monies beyond
24 the monies provided pursuant to section 42-5029, subsection E, paragraph 7.

25 S. Within sixty days of receiving notification of designation as a
26 school failing to meet academic standards, the school district governing
27 board shall evaluate needed changes to the existing improvement plan for the
28 school, consider recommendations from the solutions team, submit a copy of
29 the plan to the superintendent of public instruction and supervise the
30 implementation of the plan. Within thirty days after submitting the
31 improvement plan to the superintendent of public instruction, the governing
32 board shall hold a public meeting in each school that has been designated as
33 a school failing to meet academic standards and shall present the respective
34 improvement plans that have been developed for each school.

35 T. A school that has not submitted an improvement plan pursuant to
36 subsection S of this section is not eligible to receive monies from the
37 classroom site fund established by section 15-977 for every day that a plan
38 has not been received by the superintendent of public instruction within the
39 time specified in subsection S of this section plus an additional ninety
40 days. The state board of education shall require the superintendent of the
41 school district to testify before the board and explain the reasons that an
42 improvement plan for that school has not been submitted.

43 U. If a charter school is designated as a school failing to meet
44 academic standards, the department of education shall immediately notify the
45 charter school's sponsor. The charter school's sponsor shall either take

1 action to restore the charter school to acceptable performance or revoke the
2 charter school's charter. Within thirty days the school shall notify the
3 parents of the students attending the school of the classification and of any
4 pending public meetings to review the issue.

5 V. A school that has been designated as a school failing to meet
6 academic standards shall be evaluated by the department of education to
7 determine if the school failed to properly implement its school improvement
8 plan, align the curriculum with academic standards, provide teacher training,
9 prioritize the budget or implement other proven strategies to improve
10 academic performance. After visiting the school site pursuant to subsection
11 0 of this section, the department of education shall submit to the state
12 board of education a recommendation to proceed pursuant to subsections Q, R
13 and S of this section or that the school be subject to a public hearing to
14 determine if the school failed to properly implement its improvement plan and
15 the reasons for the department's recommendation.

16 W. If the department does recommend a public hearing, the state board
17 of education shall meet and may provide by a majority vote at the public
18 hearing for the continued operation of the school as allowed by this
19 subsection. The state board of education shall determine whether
20 governmental, nonprofit and private organizations may submit applications to
21 the state board to fully or partially manage the school. The state board's
22 determination shall include:

23 1. If and to what extent the local governing board may participate in
24 the operation of the school including personnel matters.

25 2. If and to what extent the state board of education shall
26 participate in the operation of the school.

27 3. Resource allocation pursuant to subsection Y of this section.

28 4. Provisions for the development and submittal of a school
29 improvement plan to be presented in a public meeting at the school.

30 5. A suggested time frame for the alternative operation of the school.

31 X. The state board shall periodically review the status of a school
32 that is operated by an organization other than the school district governing
33 board to determine whether the operation of the school should be returned to
34 the school district governing board. Before the state board makes a
35 determination, the state board or its designee shall meet with the school
36 district governing board or its designee to determine the time frame,
37 operational considerations and the appropriate continuation of existing
38 improvements that are necessary to assure a smooth transition of authority
39 from the other organization back to the school district governing board.

40 Y. If an alternative operation plan is provided pursuant to subsection
41 W of this section, the state board of education shall pay for the operation
42 of the school and shall adjust the school district's ~~student count pursuant~~
43 ~~to section 15-902,~~ soft capital allocation pursuant to section 15-962,
44 capital outlay revenue limit pursuant to section 15-961, base support level
45 pursuant to section 15-943, monies distributed from the classroom site fund

1 established by section 15-977 and transportation support level pursuant to
2 section 15-945 to accurately reflect any reduction in district services that
3 are no longer provided to that school by the district. The state board of
4 education may modify the school district's revenue control limit, the
5 district support level and the general budget limit calculated pursuant to
6 section 15-947 by an amount that corresponds to this reduction in
7 services. The state board of education shall retain the portion of state aid
8 that would otherwise be due the school district for the school and shall
9 distribute that portion of state aid directly to the organization that
10 contracts with the state board of education to operate the school.

11 Z. If the state board of education determines that a charter school
12 failed to properly implement its improvement plan, the sponsor of the charter
13 school shall revoke the charter school's charter.

14 AA. If there are more than two schools in a district and more than
15 one-half, or in any case more than five, of the schools in the district are
16 designated as schools failing to meet academic standards for more than two
17 consecutive years, in the next election of members of the governing board the
18 election ballot shall contain the following statement immediately above the
19 listing of governing board candidates:

20 Within the last five years, (number of schools) schools in the
21 _____ school district have been designated as "schools
22 failing to meet academic standards" by the superintendent of
23 public instruction.

24 BB. At least twice each year the department of education shall publish
25 in a newspaper of general circulation in each county of this state a list of
26 schools that are designated as schools failing to meet academic standards.

27 CC. The failing schools tutoring fund is established consisting of
28 monies collected pursuant to section 42-5029, subsection E as designated for
29 this purpose. The department of education shall administer the fund. The
30 department of education may use monies from the fund to purchase materials
31 designed to assist students to meet the Arizona academic standards and to
32 achieve a passing score on the Arizona instrument to measure standards test
33 in order to graduate from high school.

34 DD. The department of education may develop a classification label for
35 school districts and charter school operators. If the department of
36 education develops a classification label for school districts and charter
37 school operators, the classification label may be developed from the
38 following components:

39 1. Measures of academic progress.

40 2. Pupil assessment data.

41 3. The attendance rates and graduation rates of pupils who are
42 educated in that charter school operator's charter schools or in that school
43 district's schools.

1 4. The percentage of the parents of pupils enrolled in that charter
2 school operator's charter schools or in that school district's schools that
3 categorizes the quality of their child's education as excellent on a parental
4 rating of school quality.

5 Sec. 5. Section 15-393, Arizona Revised Statutes, as amended by Laws
6 2010, chapter 17, section 6, is amended to read:

7 15-393. Joint technical education district governing board:
8 report; definition

9 A. The management and control of the joint district are vested in the
10 joint technical education district governing board, including the content and
11 quality of the courses offered by the district, the quality of teachers who
12 provide instruction on behalf of the district, the salaries of teachers who
13 provide instruction on behalf of the district and the reimbursement of other
14 entities for the facilities used by the district. Unless the governing boards
15 of the school districts participating in the formation of the joint district
16 vote to implement an alternative election system as provided in subsection B
17 of this section, the joint board shall consist of five members elected from
18 five single member districts formed within the joint district. The single
19 member district election system shall be submitted as part of the plan for
20 the joint district pursuant to section 15-392 and shall be established in the
21 plan as follows:

22 1. The governing boards of the school districts participating in the
23 formation of the joint district shall define the boundaries of the single
24 member districts so that the single member districts are as nearly equal in
25 population as is practicable, except that if the joint district lies in part
26 in each of two or more counties, at least one single member district may be
27 entirely within each of the counties comprising the joint district if this
28 district design is consistent with the obligation to equalize the population
29 among single member districts.

30 2. The boundaries of each single member district shall follow election
31 precinct boundary lines, as far as practicable, in order to avoid further
32 segmentation of the precincts.

33 3. A person who is a registered voter of this state and who is a
34 resident of the single member district is eligible for election to the office
35 of joint board member from the single member district. The terms of office
36 of the members of the joint board shall be as prescribed in section 15-427,
37 subsection B. An employee of a joint technical education district or the
38 spouse of an employee shall not hold membership on a governing board of a
39 joint technical education district by which the employee is employed. A
40 member of one school district governing board or joint technical education
41 district governing board is ineligible to be a candidate for nomination or
42 election to or serve simultaneously as a member of any other governing board,
43 except that a member of a governing board may be a candidate for nomination
44 or election for any other governing board if the member is serving in the
45 last year of a term of office. A member of a governing board shall resign

1 the member's seat on the governing board before becoming a candidate for
2 nomination or election to the governing board of any other school district or
3 joint technical education district, unless the member of the governing board
4 is serving in the last year of a term of office.

5 4. Nominating petitions shall be signed by the number of qualified
6 electors of the single member district as provided in section 16-322.

7 B. The governing boards of the school districts participating in the
8 formation of the joint district may vote to implement any other alternative
9 election system for the election of joint district board members. If an
10 alternative election system is selected, it shall be submitted as part of the
11 plan for the joint district pursuant to section 15-392, and the
12 implementation of the system shall be as approved by the United States
13 justice department.

14 C. The joint technical education district shall be subject to the
15 following provisions of this title:

- 16 1. Chapter 1, articles 1 through 6.
- 17 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 18 3. Articles 2, 3 and 5 of this chapter.
- 19 4. Section 15-361.
- 20 5. Chapter 4, articles 1, 2 and 5.
- 21 6. Chapter 5, articles 1, 2 and 3.
- 22 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
23 and 15-730.
- 24 8. Chapter 7, article 5.
- 25 9. Chapter 8, articles 1, 3 and 4.
- 26 10. Sections 15-828 and 15-829.
- 27 11. Chapter 9, article 1, article 6, except for section 15-995, and
28 article 7.
- 29 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 30 13. Sections 15-1101 and 15-1104.
- 31 14. Chapter 10, articles 2, 3, 4 and 8.

32 D. Notwithstanding subsection C of this section, the following apply
33 to a joint technical education district:

34 1. A joint district may issue bonds for the purposes specified in
35 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
36 aggregate, including the existing indebtedness, not exceeding one per cent of
37 the taxable property used for secondary tax purposes, as determined pursuant
38 to title 42, chapter 15, article 1, within the joint technical education
39 district as ascertained by the last property tax assessment previous to
40 issuing the bonds.

41 2. The number of governing board members for a joint district shall be
42 as prescribed in subsection A of this section.

43 3. If a career and technical education and vocational education course
44 or program provided pursuant to this article is provided in a facility owned
45 or operated by a school district in which a pupil is enrolled, including

1 satellite courses, the sum of the daily attendance, as provided in section
2 15-901, subsection A, paragraph 6- 5, for that pupil in both the school
3 district and joint technical education district shall not exceed 1.25 and
4 the sum of the fractional student enrollment, as provided in section 15-901,
5 subsection A, paragraph 2- 1, subdivision (a), shall not exceed 1.25 for the
6 courses taken in the school district and the facility, including satellite
7 courses. The school district and the joint district shall determine the
8 apportionment of the daily attendance and fractional student enrollment for
9 that pupil between the school district and the joint district.

10 4. The student count for the first year of operation of a joint
11 technical education district as provided in this article shall be determined
12 as follows:

13 (a) Determine the estimated student count for joint district classes
14 that will operate in the first year of operation. This estimate shall be
15 based on actual registration of pupils as of March 30 scheduled to attend
16 classes that will be operated by the joint district. The student count for
17 the district of residence of the pupils registered at the joint district
18 shall be adjusted. The adjustment shall cause the district of residence to
19 reduce the student count for the pupil to reflect the courses to be taken at
20 the joint district. The district of residence shall review and approve the
21 adjustment of its own student count as provided in this subdivision before
22 the pupils from the school district can be added to the student count of the
23 joint district.

24 (b) The student count for the new joint district shall be the student
25 count as determined in subdivision (a) of this paragraph.

26 (c) After the first one hundred days or two hundred days in session,
27 as applicable, for the first year of operation, the joint district shall
28 revise the student count to the actual student count for students attending
29 classes in the joint district. A joint district shall revise its student
30 count, the base support level as provided in section 15-943.02, the revenue
31 control limit as provided in section 15-944.01, the capital outlay revenue
32 limit and the soft capital allocation as provided in section 15-962.01 prior
33 to May 15. A joint district that overestimated its student count shall
34 revise its budget prior to May 15. A joint district that underestimated its
35 student count may revise its budget prior to May 15.

36 (d) After the first one hundred days or two hundred days in session,
37 as applicable, for the first year of operation, the district of residence
38 shall adjust its student count by reducing it to reflect the courses actually
39 taken at the joint district. The district of residence shall revise its
40 student count, the base support level as provided in section 15-943, the
41 revenue control limit as provided in section 15-944, the capital outlay
42 revenue limit as provided in section 15-961 and the soft capital allocation
43 as provided in section 15-962 prior to May 15. A district that
44 underestimated the student count for students attending the joint district
45 shall revise its budget prior to May 15. A district that overestimated the

1 student count for students attending the joint district may revise its budget
2 prior to May 15.

3 (e) A joint district for the first year of operation shall not be
4 eligible for adjustment pursuant to section 15-948.

5 (f) The procedures for implementing this paragraph shall be as
6 prescribed in the uniform system of financial records.

7 (g) If the district of residence utilizes section 15-942 to determine
8 its student count, the district shall reduce its student count as provided in
9 this paragraph by subtracting the appropriate count from the student count
10 determined as provided in section 15-942.

11 For the purposes of this paragraph, "district of residence" means the
12 district that included the pupil in its average daily membership for the year
13 before the first year of operation of the joint district and that would have
14 included the pupil in its student count for the purposes of computing its
15 base support level for the fiscal year of the first year of operation of the
16 joint district if the pupil had not enrolled in the joint district.

17 (h) Pupils in an approved joint technical education district
18 centralized program may generate an average daily attendance of 1.0 for
19 attendance hours during any hour of the day, during any day of the week and
20 at any time between July 1 and June 30 of each fiscal year.

21 5. A student includes any person enrolled in the joint district
22 without regard to the person's age or high school graduation status, except
23 that:

24 (a) A student in a kindergarten program or in grades one through eight
25 who enrolls in courses offered by the joint technical education district
26 shall not be included in the joint district's ~~average daily attendance or~~
27 average daily membership.

28 (b) A student in a kindergarten program or in grades one through eight
29 who is enrolled in vocational education courses shall not be funded in whole
30 or in part with monies provided by a joint technical education district.

31 (c) A student who is over twenty-two years of age shall not be
32 included in the student count of the joint district for the purposes of
33 chapter 9, articles 3, 4 and 5 of this title.

34 (d) A student in grade nine who enrolls in a career exploration course
35 shall not be included in the joint district's ~~average daily attendance or~~
36 average daily membership.

37 6. A joint district may operate for more than one hundred seventy-five
38 days per year, with expanded hours of service.

39 7. A joint district may use the excess utility costs provisions of
40 section 15-910 in the same manner as a school district for fiscal years
41 1999-2000 and 2000-2001, except that the base year shall be the first full
42 fiscal year of operations.

43 8. A joint district may use the carryforward provisions of section
44 15-943.01 retroactively to July 1, 1993.

1 9. A school district that is part of a joint district shall use any
2 monies received pursuant to this article to supplement and not supplant base
3 year career and technical education and vocational education courses, and
4 directly related equipment and facilities, except that a school district that
5 is part of a joint technical education district and that has used monies
6 received pursuant to this article to supplant career and technological
7 education and vocational education courses that were offered before the first
8 year that the school district participated in the joint district or the first
9 year that the school district used monies received pursuant to this article
10 or that used the monies for purposes other than for career and technological
11 education and vocational education courses shall use one hundred per cent of
12 the monies received pursuant to this article to supplement and not supplant
13 base year career and technical education and vocational education courses.

14 10. A joint technical education district shall use any monies received
15 pursuant to this article to enhance and not supplant career and technical
16 education and vocational education courses and directly related equipment and
17 facilities.

18 11. A joint technical education district or a school district that is
19 part of a joint district shall only include pupils in grades nine through
20 twelve in the calculation of average daily membership ~~or average daily~~
21 ~~attendance~~ if the pupils are enrolled in courses that are approved jointly by
22 the governing board of the joint technical education district and each
23 participating school district for satellite courses taught within the
24 participating school district, or approved solely by the joint technical
25 education district for centrally located courses. Average daily membership
26 ~~and average daily attendance~~ from courses that are not part of an approved
27 program for career and technical education shall not be included in average
28 daily membership ~~and average daily attendance~~ of a joint technical education
29 district. A student in grade nine who enrolls in a career exploration course
30 shall not be included in the joint district's ~~average daily attendance or~~
31 average daily membership.

32 E. The joint board shall appoint a superintendent as the executive
33 officer of the joint district.

34 F. Taxes may be levied for the support of the joint district as
35 prescribed in chapter 9, article 6 of this title, except that a joint
36 technical education district shall not levy a property tax pursuant to law
37 that exceeds five cents per one hundred dollars assessed valuation except for
38 bond monies pursuant to subsection D, paragraph 1 of this section. Except
39 for the taxes levied pursuant to section 15-994, such taxes shall be obtained
40 from a levy of taxes on the taxable property used for secondary tax purposes.

41 G. The schools in the joint district are available to all persons who
42 reside in the joint district subject to the rules for admission prescribed by
43 the joint board.

44 H. The joint board may collect tuition for adult students and the
45 attendance of pupils who are residents of school districts that are not

1 participating in the joint district pursuant to arrangements made between the
2 governing board of the district and the joint board.

3 I. The joint board may accept gifts, grants, federal monies, tuition
4 and other allocations of monies to erect, repair and equip buildings and for
5 the cost of operation of the schools of the joint district.

6 J. One member of the joint board shall be selected chairman. The
7 chairman shall be selected annually on a rotation basis from among the
8 participating school districts. The chairman of the joint board shall be a
9 voting member.

10 K. A joint board and a community college district may enter into
11 agreements for the provision of administrative, operational and educational
12 services and facilities.

13 L. Any agreement between the governing board of a joint technical
14 education district and another joint technical education district, a school
15 district, a charter school or a community college district shall be in the
16 form of an intergovernmental agreement or other written contract. The
17 auditor general shall modify the uniform system of financial records and
18 budget forms in accordance with this subsection. The intergovernmental
19 agreement or other written contract shall completely and accurately specify
20 each of the following:

21 1. The financial provisions of the intergovernmental agreement or
22 other written contract and the format for the billing of all services.

23 2. The accountability provisions of the intergovernmental agreement or
24 other written contract.

25 3. The responsibilities of each joint technical education district,
26 each school district, each charter school and each community college district
27 that is a party to the intergovernmental agreement or other written contract.

28 4. The type of instruction that will be provided under the
29 intergovernmental agreement or other written contract, including
30 individualized education programs pursuant to section 15-763.

31 5. The quality of the instruction that will be provided under the
32 intergovernmental agreement or other written contract.

33 6. The transportation services that will be provided under the
34 intergovernmental agreement or other written contract and the manner in which
35 transportation costs will be paid.

36 7. The amount that the joint technical education district will
37 contribute to a course and the amount of support required by the school
38 district or the community college.

39 8. That the services provided by the joint technical education
40 district, the school district, the charter school or the community college
41 district be proportionally calculated in the cost of delivering the service.

42 9. That the payment for services shall not exceed the cost of the
43 services provided.

44 10. That any initial intergovernmental agreement or other written
45 contract and any addendums between the governing board of a joint technical

1 education district and another joint technical education district, a school
2 district, a charter school or a community college district be submitted by
3 the joint technical education district to the joint legislative budget
4 committee for review.

5 M. On or before December 31 of each year, each joint technical
6 education district shall submit a detailed report to the career and technical
7 education division of the department of education. The career and technical
8 education division of the department of education shall collect, summarize
9 and analyze the data submitted by the joint districts, shall submit an annual
10 report that summarizes the data submitted by the joint districts to the
11 governor, the speaker of the house of representatives, the president of the
12 senate and the state board of education and shall submit a copy of this
13 report to the secretary of state. The data submitted by each joint technical
14 education district shall include the following:

- 15 1. The average daily membership of the joint district.
- 16 2. The program listings and program descriptions of programs offered
17 by the joint district, including the course sequences for each program.
- 18 3. The costs associated with each program offered by the joint
19 district.
- 20 4. The completion rate for each program offered by the joint district.
21 For the purposes of this paragraph, "completion rate" means the completion
22 rate for students who are designated as concentrators in that program by the
23 department of education under the career and technology approved plan.
- 24 5. The graduation rate from the school district of residence of
25 students who have completed a program in the joint district.
- 26 6. A detailed description of the career opportunities available to
27 students after completion of the program offered by the joint district.
- 28 7. A detailed description of the career placement of students who have
29 completed the program offered by the joint district.
- 30 8. Any other data deemed necessary by the department of education to
31 carry out its duties under this subsection.

32 N. If the career and technical education division of the department of
33 education determines that a course does not meet the criteria for approval as
34 a joint technical education course, the governing board of the joint
35 technical education district may appeal this decision to the state board of
36 education acting as the state board of vocational education.

37 O. Notwithstanding any other law, the average daily membership of a
38 pupil who is enrolled in a course that meets for at least one hundred fifty
39 minutes per class period at a centralized campus owned and operated by a
40 joint technical education district shall be 0.75. The sum of daily
41 attendance, as provided in section 15-901, subsection A, paragraph 6 and the
42 sum of the fractional student enrollment, as provided in section 15-901,
43 subsection A, paragraph 2, subdivision (a), for that pupil in both the member
44 school district and joint technical education district courses provided at a
45 community college pursuant to subsection K of this section or at a facility

1 owned and operated by a joint technical education district that is not
2 located on a site of a member district shall not exceed 1.75. The member
3 school district and the joint district shall determine the apportionment of
4 the daily attendance and student enrollment for that pupil between the member
5 school district and the joint district, except the amount apportioned shall
6 not exceed 1.0 for either entity.

7 P. For the purposes of this section, "base year" means the complete
8 school year in which voters of a school district elected to join a joint
9 technical education district.

10 Sec. 6. Section 15-461, Arizona Revised Statutes, is amended to read:

11 15-461. Transporting school districts; joining existing school
12 districts

13 A. If a school district does not offer a full-time instructional
14 program ~~as defined in section 15-901~~ in any grade level to the pupils who
15 reside in that school district, transports all of the pupils who reside in
16 that school district to an adjacent school district or school districts for
17 instruction and transports more than three hundred fifty pupils annually to
18 an adjacent school district or school districts, the county school
19 superintendent shall dissolve the transporting school district and annex the
20 geographic boundaries of the transporting school district to the adjacent
21 school district that provides instruction to the majority of the pupils who
22 reside in the transporting school district.

23 B. The county school superintendent shall make the record of
24 boundaries conform to the annexation and shall notify the board of
25 supervisors and the county assessor of the boundary change. The change is
26 effective immediately on notification from the county school superintendent.

27 C. The terms of the governing board members of the previously existing
28 transporting school district do not expire on the effective date of the
29 dissolution of the school district and continue until January 1 following the
30 next general election, during which time the members of the governing board
31 of the previously existing transporting school district shall serve as
32 additional members of the governing board of the adjacent school district.

33 D. The adjacent school district shall revise its annual budget to
34 reflect the annexation of the transporting school district.

35 E. The adjacent school district is liable for all indebtedness and
36 liabilities, bonded or otherwise, outstanding against the dissolved
37 transporting school district, and all property, balances and deficits of the
38 dissolved transporting school district become the property, balances and
39 deficits of the adjacent school district.

40 Sec. 7. Section 15-771, Arizona Revised Statutes, is amended to read:

41 15-771. Preschool programs for children with disabilities;
42 definition

43 A. Each school district shall make available an educational program
44 for preschool children with disabilities who reside in the school district
45 and who are not already receiving services that have been provided through

1 the department of education. The state board of education shall prescribe
2 rules for use by school districts in the provision of educational programs
3 for preschool children with disabilities. School districts are required to
4 make available educational programs for and, for the purposes of calculating
5 ~~average daily attendance and~~ average daily membership, may count only those
6 preschool children who meet the definition of one of the following
7 conditions:

- 8 1. Hearing impairment.
- 9 2. Visual impairment.
- 10 3. Developmental delay.
- 11 4. Preschool severe delay.
- 12 5. Speech/language impairment.

13 B. The state board of education shall annually distribute to school
14 districts at least ten per cent of the monies it receives under 20 United
15 States Code section 1411(c)(2) for preschool programs for children with
16 disabilities. The state board shall prescribe rules for the distribution of
17 the monies to school districts.

18 C. The governing board of a school district may submit a proposal to
19 the state board of education as prescribed by the state board to receive
20 monies for preschool programs for children with disabilities as provided in
21 this section. A school district which receives monies as provided in this
22 section shall include the monies in the special projects section of the
23 budget as provided in section 15-903, subsection F.

24 D. All school districts shall cooperate, if appropriate, with
25 community organizations that provide services to preschool children with
26 disabilities in the provision of the district's preschool program for
27 children with disabilities.

28 E. A school district may not admit a child to a preschool program for
29 children with disabilities unless the child is evaluated and recommended for
30 placement as provided in sections 15-766 and 15-767.

31 F. For the purpose of allocating monies pursuant to 20 United States
32 Code section 1419(g)(1)(B)(i), "jurisdiction" includes high school pupils
33 whose parents reside within the boundaries of a common school district. The
34 common school district shall ensure such high school pupils are not counted
35 by any other school district.

36 G. For the purposes of this section, "preschool child" means a child
37 who is at least three years of age but who has not reached the age required
38 for kindergarten. A preschool child is three years of age as of the date of
39 the child's third birthday. The governing board of a school district may
40 admit otherwise eligible children who are within ninety days of their third
41 birthday, if it is determined to be in the best interest of the individual
42 child. Children who are admitted to programs for preschool children prior to
43 their third birthday are entitled to the same provision of services as if
44 they were three years of age.

1 Sec. 8. Section 15-803, Arizona Revised Statutes, is amended to read:
2 15-803. School attendance; exemptions; definitions

3 A. It is unlawful for any child WHO IS between six and sixteen years
4 of age to fail to attend school during the hours school is in session, unless
5 either:

6 1. The child is excused pursuant to section 15-802, subsection D or
7 section 15-901, subsection A, paragraph 6- 5, subdivision (c).

8 2. The child is accompanied by a parent or a person authorized by a
9 parent.

10 3. The child is provided with instruction in a home school.

11 B. A child who is habitually truant or who has excessive absences may
12 be adjudicated an incorrigible child as defined in section 8-201. Absences
13 may be considered excessive when the number of absent days exceeds ten per
14 cent of the number of required attendance days prescribed in section 15-802,
15 subsection B, paragraph 1.

16 C. ~~As used in~~ FOR THE PURPOSES OF this section:

17 1. "Habitually truant" means a truant child who is truant for at least
18 five school days within a school year.

19 2. "Truant" means an unexcused absence for at least one class period
20 during the day.

21 3. "Truant child" means a child who is between six and sixteen years
22 of age and who is not in attendance at a public or private school during the
23 hours that school is in session, unless excused as provided by this section.

24 Sec. 9. Section 15-806, Arizona Revised Statutes, is amended to read:

25 15-806. Excuse from school attendance

26 A. The governing board of each school district AND THE GOVERNING BODY
27 OF EACH CHARTER SCHOOL shall adopt a policy governing the excuse of pupils
28 for religious purposes. The policy may permit a pupil to be excused from
29 school attendance for religious purposes, including participation in
30 religious exercises or religious instruction. If the policy permits a pupil
31 to be excused for religious purposes, the policy shall stipulate the
32 conditions under which the excuse will be granted. These conditions shall
33 include at least the following:

34 1. The person who has custody of the pupil has given written consent.

35 2. Any religious instruction or exercise takes place at a suitable
36 place away from school property designated by the church or religious
37 denomination or group.

38 B. THE GOVERNING BOARD OF EACH SCHOOL DISTRICT AND THE GOVERNING BODY
39 OF EACH CHARTER SCHOOL SHALL ADOPT A POLICY GOVERNING THE EXCUSE OF PUPILS
40 FROM SCHOOL ATTENDANCE. THE POLICY SHALL REQUIRE THE SCHOOL DISTRICT TO
41 APPLY TO THE DEPARTMENT OF EDUCATION FOR AUTHORIZATION OF SCHOOL CLOSURE FOR
42 THE FOLLOWING REASONS:

43 1. WIDESPREAD ILLNESS FOR ANY PERIOD OF THREE CONSECUTIVE DAYS OR
44 MORE.

2. ADVERSE WEATHER CONDITIONS FOR ANY PERIOD OF THREE CONSECUTIVE DAYS OR MORE.

3. CONCERTED REFUSAL BY STUDENTS TO ATTEND CLASSES FOR ANY PERIOD OF THREE CONSECUTIVE DAYS OR MORE.

4. THREATS OF VIOLENCE AGAINST SCHOOL PROPERTY, SCHOOL PERSONNEL OR PUPILS FOR ANY PERIOD OF ONE DAY OR MORE.

5. SITUATIONS AFFECTING THE SAFETY OF PERSONS OR PROPERTY RESULTING FROM FIRE, FLOODING OR FLOODWATER, AN EARTHQUAKE, A HAZARDOUS MATERIAL EVENT OR ANOTHER CAUSE IF APPROVED BY THE DEPARTMENT OF EDUCATION.

Sec. 10. Section 15-808, Arizona Revised Statutes, as amended by Laws 2010, chapter 17, section 11, is amended to read:

15-808. Arizona online instruction; reports; definitions

A. Arizona online instruction shall be instituted to meet the needs of pupils in the information age. The state board of education shall select traditional public schools and the state board for charter schools shall sponsor charter schools to be online course providers or online schools. The state board of education and the state board for charter schools shall jointly develop standards for the approval of online course providers and online schools based on the following criteria:

1. The depth and breadth of curriculum choices.

2. The variety of educational methodologies employed by the school and the means of addressing the unique needs and learning styles of targeted pupil populations, including computer assisted learning systems, virtual classrooms, virtual laboratories, electronic field trips, electronic mail, virtual tutoring, online help desk, group chat sessions and noncomputer based activities performed under the direction of a certificated teacher.

3. The availability of an intranet or private network to safeguard pupils against predatory and pornographic elements of the internet.

4. The availability of filtered research access to the internet.

5. The availability of private individual electronic mail between pupils, teachers, administrators and parents in order to protect the confidentiality of pupil records and information.

6. The availability of faculty members who are experienced with computer networks, the internet and computer animation.

7. The extent to which the school intends to develop partnerships with universities, community colleges and private businesses.

8. The services offered to developmentally disabled populations.

9. The grade levels that will be served.

B. Each new school that provides online instruction shall provide online instruction on a probationary status. After a new school that provides online instruction has clearly demonstrated the academic integrity of its instruction through the actual improvement of the academic performance of its students, the school may apply to be removed from probationary status. The state board of education or the state board for charter schools shall remove from Arizona online instruction any probationary school that fails to

1 clearly demonstrate improvement in academic performance within three years
2 measured against goals in the approved application and the state's
3 accountability system. The state board of education and the state board for
4 charter schools shall review the effectiveness of each participating school
5 and other information that is contained in the annual report prescribed in
6 subsection D of this section. All pupils who participate in Arizona online
7 instruction shall reside in this state. Pupils who participate in Arizona
8 online instruction are subject to the testing requirements prescribed in
9 chapter 7, article 3 of this title. Upon enrollment, the school shall notify
10 the parents or guardians of the pupil of the state testing requirements. If
11 a pupil fails to comply with the testing requirements and the school
12 administers the tests pursuant to this subsection to less than ninety-five
13 per cent of the pupils in Arizona online instruction, the pupil shall not be
14 allowed to participate in Arizona online instruction.

15 C. Beginning July 1, 2010, the state board of education and the state
16 board for charter schools shall develop annual reporting mechanisms for
17 schools that participate in Arizona online instruction.

18 D. The department of education shall compile the information submitted
19 in the annual reports by schools participating in Arizona online instruction.
20 The department of education shall submit the compiled report to the governor,
21 the speaker of the house of representatives and the president of the senate
22 by November 15 of each year.

23 E. Each school selected for Arizona online instruction shall ensure
24 that a daily log is maintained for each pupil who participates in Arizona
25 online instruction. The daily log shall describe the amount of time spent by
26 each pupil participating in Arizona online instruction pursuant to this
27 section on academic tasks. The daily log shall be used by the school
28 district or charter school to qualify the pupils who participate in Arizona
29 online instruction in the school's average daily attendance calculations
30 pursuant to ~~section 15-901~~ SUBSECTION F OF THIS SECTION.

31 F. If a pupil is enrolled in a school district or charter school and
32 also participates in Arizona online instruction, the sum of the average daily
33 membership, which includes enrollment as prescribed in section 15-901,
34 subsection A, paragraph 2- 1, subdivisions (a) and (b) and daily attendance
35 as prescribed in section 15-901, subsection A, paragraph 6- 5, for that pupil
36 in the school district or charter school and in Arizona online instruction
37 shall not exceed 1.0. If the pupil is enrolled in a school district or a
38 charter school and also participates in Arizona online instruction and the
39 sum of the daily membership or daily attendance for that pupil is greater
40 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between
41 the school district, unless the school district is a joint technical
42 education district subject to the apportionment requirements of section
43 15-393, or charter school and Arizona online instruction based on the
44 percentage of total time that the pupil is enrolled or in attendance in the
45 school district or charter school and Arizona online instruction. The

1 uniform system of financial records shall include guidelines for the
 2 apportionment of the pupil enrollment and attendance as provided in this
 3 subsection. Pupils in Arizona online instruction do not incur absences for
 4 purposes of ~~section 15-901~~ THIS SUBSECTION and may generate an average daily
 5 attendance of 1.0 for attendance hours during any hour of the day, during any
 6 day of the week and at any time between July 1 and June 30 of each fiscal
 7 year. For kindergarten programs and grades one through eight, average daily
 8 membership shall be calculated by dividing the instructional hours as
 9 reported in the daily log required in subsection E of this section by the
 10 applicable hourly requirements prescribed in section 15-901. For grades nine
 11 through twelve, average daily membership shall be calculated by dividing the
 12 instructional hours as reported in the daily log required in subsection E of
 13 this section by nine hundred. The average daily membership of a pupil who
 14 participates in online instruction shall not exceed 1.0. Average daily
 15 membership shall not be calculated on the one hundredth day of instruction
 16 for the purposes of this section. Funding shall be determined as follows:

17 1. A pupil who is enrolled full-time in Arizona online instruction
 18 shall be funded for online instruction at ninety-five per cent of the base
 19 support level that would be calculated for that pupil if that pupil were
 20 enrolled as a full-time student in a school district or charter school that
 21 does not participate in Arizona online instruction. Additional assistance,
 22 capital outlay revenue limit and soft capital allocation limit shall be
 23 calculated in the same manner they would be calculated if the student were
 24 enrolled in a district or charter school that does not participate in Arizona
 25 online instruction. A pupil enrolled in Arizona online instruction shall be
 26 considered full-time if the pupil's average instructional hours, as reported
 27 in the daily log required in subsection E of this section, exceed one hundred
 28 nineteen minutes for kindergarten programs, two hundred thirty-eight minutes
 29 for grades one through three, two hundred ninety-seven minutes for grades
 30 four through six, three hundred fifty-six minutes for grades seven and eight
 31 and three hundred minutes for grades nine through twelve.

32 2. A pupil who is enrolled part-time in Arizona online instruction
 33 shall be funded for online instruction at eighty-five per cent of the base
 34 support level that would be calculated for that pupil if that pupil were
 35 enrolled as a part-time student in a school district or charter school that
 36 does not participate in Arizona online instruction. Additional assistance,
 37 capital outlay revenue limit and soft capital allocation limit shall be
 38 calculated in the same manner they would be calculated if the student were
 39 enrolled in a district or charter school that does not participate in Arizona
 40 online instruction. A pupil enrolled in Arizona online instruction shall be
 41 considered part-time if the pupil's average instructional hours, as reported
 42 in the daily log required in subsection E of this section, are less than the
 43 hours required for a full-time pupil pursuant to paragraph 1 of this
 44 subsection.

1 G. If the academic achievement of a pupil declines while the pupil is
2 participating in Arizona online instruction, the pupil's parents, the pupil's
3 teachers and the principal or head teacher of the school shall confer to
4 evaluate whether the pupil should be allowed to continue to participate in
5 Arizona online instruction.

6 H. To ensure the academic integrity of pupils who participate in
7 online instruction, Arizona online instruction shall include multiple diverse
8 assessment measures and the proctored administration of required state
9 standardized tests.

10 I. For the purposes of this section:

11 1. "Online course provider" means a school other than an online school
12 that is selected by the state board of education or the state board for
13 charter schools to participate in Arizona online instruction pursuant to this
14 section and that provides at least one online academic course that is
15 approved by the state board of education.

16 2. "Online school" means a school that provides at least four online
17 academic courses or one or more online courses for the equivalent of at least
18 five hours each day for one hundred eighty school days and that is a charter
19 school that is sponsored by the state board for charter schools or a
20 traditional public school that is selected by the state board of education to
21 participate in Arizona online instruction.

22 Sec. 11. Section 15-861, Arizona Revised Statutes, is amended to read:

23 15-861. Four day school week and alternative kindergarten
24 programs

25 A. A governing board, after at least two public hearings in the school
26 district, may offer an educational program on the basis of a four day school
27 week or an alternative kindergarten program on the basis of a three day
28 school week, or both.

29 B. The instructional time in an educational program offered on the
30 basis of a four day school week or in an alternative kindergarten program
31 offered on the basis of a three day school week must be equal to the
32 instructional time in an educational program or kindergarten program, as
33 applicable, offered on the basis of a five day school week. Notwithstanding
34 section 15-901, subsection A, paragraph 6- 5, for school districts which
35 offer an educational program on the basis of a four day school week in common
36 schools or an alternative kindergarten program on the basis of a three day
37 school week, or both, as provided in this section, the minimum number of
38 minutes required for daily attendance shall be increased so that the number
39 of minutes per day multiplied by the total number of school days per school
40 year is at least equal to the number of minutes prescribed for that program
41 or grade in section 15-901, subsection A, paragraph 6- 5, multiplied by one
42 hundred seventy-five.

1 Sec. 12. Section 15-901, Arizona Revised Statutes, is amended to read:
2 15-901. Definitions

3 A. In this title, unless the context otherwise requires:

4 1. ~~"Average daily attendance" or "ADA" means actual average daily~~
5 ~~attendance through the first one hundred days or two hundred days in session,~~
6 ~~as applicable.~~

7 2. 1. "Average daily membership" means the total enrollment of
8 fractional students and full-time students, minus withdrawals, ~~of each school~~
9 ~~day through the first one hundred days or two hundred days in session, as~~
10 ~~applicable, for the current year.~~ WHO ARE ENROLLED ON SEPTEMBER 15, NOVEMBER
11 15, JANUARY 15 AND MARCH 15, DIVIDED BY FOUR. Withdrawals include students
12 formally withdrawn from schools and students absent for ten consecutive
13 school days, except for excused absences as identified by the department of
14 education. FOR THE PURPOSES OF THIS SECTION, SCHOOL DISTRICTS AND CHARTER
15 SCHOOLS SHALL REPORT STUDENT ABSENCE DATA TO THE DEPARTMENT OF EDUCATION AT
16 LEAST ONCE EVERY SIXTY DAYS IN SESSION. For computation purposes, the
17 effective date of withdrawal shall be retroactive to the last day of actual
18 attendance of the student OR EXCUSED ABSENCE.

19 (a) "Fractional student" means:

20 (i) For common schools, ~~until fiscal year 2001-2002,~~ a preschool child
21 who is enrolled in a program for preschool children with disabilities of at
22 least three hundred sixty minutes each week or a kindergarten student at
23 least five years of age prior to January 1 of the school year and enrolled in
24 a school kindergarten program that meets at least ~~three hundred forty six~~
25 ~~instructional hours during the minimum number of days required in a school~~
26 ~~year as provided in section 15-341. In fiscal year 2001-2002, the~~
27 ~~kindergarten program shall meet at least three hundred forty eight hours. In~~
28 ~~fiscal year 2002-2003, the kindergarten program shall meet at least three~~
29 ~~hundred fifty hours. In fiscal year 2003-2004, the kindergarten program~~
30 ~~shall meet at least three hundred fifty two hours. In fiscal year 2004-2005,~~
31 ~~the kindergarten program shall meet at least three hundred fifty four hours.~~
32 ~~In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten~~
33 ~~program shall meet at least three hundred fifty-six hours~~ FOR A ONE HUNDRED
34 EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS
35 SECTION. Lunch periods and recess periods may not be included as part of the
36 instructional hours unless the child's individualized education program
37 requires instruction during those periods and the specific reasons for such
38 instruction are fully documented. In computing the average daily membership,
39 preschool children with disabilities and kindergarten students shall be
40 counted as one-half of a full-time student. For common schools, a part-time
41 student is a student enrolled for less than the total time for a full-time
42 student as defined in this section. A part-time common school student shall
43 be counted as one-fourth, one-half or three-fourths of a full-time student if
44 the student is enrolled in an instructional program that is at least

1 one-fourth, one-half or three-fourths of the time a full-time student is
2 enrolled as defined in subdivision (b) of this paragraph.

3 (ii) For high schools, a part-time student who is enrolled in less
4 than four subjects that count toward graduation as defined by the state board
5 of education in a recognized high school. ~~and who is taught in less than~~
6 ~~twenty instructional hours per week prorated for any week with fewer than~~
7 ~~five school days. A part-time high school student shall be counted as~~
8 ~~one-fourth, one-half or three-fourths of a full-time student if the student~~
9 ~~is enrolled in an instructional program that is at least one-fourth, one-half~~
10 ~~or three-fourths of a full-time instructional program as defined in~~
11 ~~subdivision (c) of this paragraph. THE AVERAGE DAILY MEMBERSHIP OF A~~
12 ~~PART-TIME HIGH SCHOOL STUDENT SHALL BE 0.75 IF THE STUDENT IS ENROLLED IN AN~~
13 ~~INSTRUCTIONAL PROGRAM OF THREE SUBJECTS THAT MEET AT LEAST FIVE HUNDRED~~
14 ~~EIGHTY HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL~~
15 ~~HOURS PRESCRIBED IN THIS SECTION. THE AVERAGE DAILY MEMBERSHIP OF A~~
16 ~~PART-TIME HIGH SCHOOL STUDENT SHALL BE 0.5 IF THE STUDENT IS ENROLLED IN AN~~
17 ~~INSTRUCTIONAL PROGRAM OF TWO SUBJECTS THAT MEET AT LEAST THREE HUNDRED SIXTY~~
18 ~~HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS~~
19 ~~PRESCRIBED IN THIS SECTION. THE AVERAGE DAILY MEMBERSHIP OF A PART-TIME HIGH~~
20 ~~SCHOOL STUDENT SHALL BE 0.25 IF THE STUDENT IS ENROLLED IN AN INSTRUCTIONAL~~
21 ~~PROGRAM OF ONE SUBJECT THAT MEETS AT LEAST ONE HUNDRED EIGHTY HOURS FOR A ONE~~
22 ~~HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS~~
23 ~~SECTION.~~

24 (b) "Full-time student" means:

25 (i) For common schools, a student who is at least six years of age
26 prior to January 1 of a school year, who has not graduated from the highest
27 grade taught in the school district and who is regularly enrolled in a course
28 of study required by the state board of education. ~~Until fiscal year~~
29 ~~2001-2002, First, second and third grade students, ungraded students at least~~
30 ~~six, but under nine, years of age by September 1 or ungraded group B children~~
31 ~~with disabilities who are at least five, but under six, years of age by~~
32 ~~September 1 must be enrolled in an instructional program that meets for a~~
33 ~~total of at least six hundred ninety two hours during the minimum number of~~
34 ~~days required in a school year as provided in section 15-341. In fiscal year~~
35 ~~2001-2002, the program shall meet at least six hundred ninety six hours. In~~
36 ~~fiscal year 2002-2003, the program shall meet at least seven hundred hours.~~
37 ~~In fiscal year 2003-2004, the program shall meet at least seven hundred four~~
38 ~~hours. In fiscal year 2004-2005, the program shall meet at least seven~~
39 ~~hundred eight hours. In fiscal year 2005-2006 and in each fiscal year~~
40 ~~thereafter, the program shall meet at least seven hundred twelve hours.~~
41 ~~Until fiscal year 2001-2002, SEVEN HUNDRED TWELVE HOURS FOR A ONE HUNDRED~~
42 ~~EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS~~
43 ~~SECTION. Fourth, fifth and sixth grade students or ungraded students at~~
44 ~~least nine, but under twelve, years of age by September 1 must be enrolled in~~
45 ~~an instructional program that meets for a total of at least eight hundred~~

1 ~~sixty five hours during the minimum number of school days required in a~~
2 ~~school year as provided in section 15-341. In fiscal year 2001-2002, the~~
3 ~~program shall meet at least eight hundred seventy hours. In fiscal year~~
4 ~~2002-2003, the program shall meet at least eight hundred seventy five hours.~~
5 ~~In fiscal year 2003-2004, the program shall meet at least eight hundred~~
6 ~~eighty hours. In fiscal year 2004-2005, the program shall meet at least~~
7 ~~eight hundred eighty five hours. In fiscal year 2005-2006 and each fiscal~~
8 ~~year thereafter, the program shall meet at least eight hundred ninety hours.~~
9 ~~Until fiscal year 2001-2002, LEAST EIGHT HUNDRED NINETY HOURS FOR A ONE~~
10 ~~HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS~~
11 ~~SECTION. Seventh and eighth grade students or ungraded students at least~~
12 ~~twelve, but under fourteen, years of age by September 1 must be enrolled in~~
13 ~~an instructional program that meets for a total of at least one thousand~~
14 ~~thirty eight hours during the minimum number of days required in a school~~
15 ~~year as provided in section 15-341. In fiscal year 2001-2002, the program~~
16 ~~shall meet at least one thousand forty four hours. In fiscal year 2002-2003,~~
17 ~~the program shall meet at least one thousand fifty hours. In fiscal year~~
18 ~~2003-2004, the program shall meet at least one thousand fifty six hours. In~~
19 ~~fiscal year 2004-2005, the program shall meet at least one thousand sixty two~~
20 ~~hours. In fiscal year YEARS 2005-2006 and each fiscal year thereafter~~
21 ~~THROUGH 2009-2010, the program shall meet at least one thousand sixty-eight~~
22 ~~hours. IN FISCAL YEAR 2010-2011 AND EACH FISCAL YEAR THEREAFTER, THE PROGRAM~~
23 ~~SHALL MEET AT LEAST ONE THOUSAND HOURS. Lunch periods and recess periods may~~
24 ~~not be included as part of the instructional hours unless the student is a~~
25 ~~child with a disability and the child's individualized education program~~
26 ~~requires instruction during those periods and the specific reasons for such~~
27 ~~instruction are fully documented.~~

28 (ii) For high schools, except as provided in section 15-105, a student
29 not graduated from the highest grade taught in the school district, or an
30 ungraded student at least fourteen years of age by September 1, and enrolled
31 in at least a ~~full-time~~ AN instructional program of FOUR OR MORE subjects
32 that count toward graduation as defined by the state board of education, THAT
33 MEETS FOR A TOTAL OF AT LEAST SEVEN HUNDRED TWENTY HOURS FOR A ONE HUNDRED
34 EIGHTY DAY SCHOOL YEAR, OR THE INSTRUCTIONAL HOURS PRESCRIBED IN THIS SECTION
35 in a recognized high school. A full-time student shall not be counted more
36 than once for computation of average daily membership. THE AVERAGE DAILY
37 MEMBERSHIP OF A FULL-TIME HIGH SCHOOL STUDENT SHALL BE 1.0 IF THE STUDENT IS
38 ENROLLED IN AT LEAST FOUR SUBJECTS THAT MEET AT LEAST SEVEN HUNDRED TWENTY
39 HOURS FOR A ONE HUNDRED EIGHTY DAY SCHOOL YEAR, OR THE EQUIVALENT
40 INSTRUCTIONAL HOURS PRESCRIBED IN THIS SECTION.

41 (iii) Except as otherwise provided by law, for a full-time high school
42 student who is concurrently enrolled in two school districts or two charter
43 schools, the average daily membership shall not exceed 1.0.

1 (iv) Except as otherwise provided by law, for any student who is
2 concurrently enrolled in a school district and a charter school, the average
3 daily membership shall be apportioned between the school district and the
4 charter school and shall not exceed 1.0. The apportionment shall be based on
5 the percentage of total time that the student is enrolled in or in attendance
6 at the school district and the charter school.

7 (v) Except as otherwise provided by law, for any student who is
8 concurrently enrolled, pursuant to section 15-808, in a school district and
9 Arizona online instruction or a charter school and Arizona online
10 instruction, the average daily membership shall be apportioned between the
11 school district and Arizona online instruction or the charter school and
12 Arizona online instruction and shall not exceed 1.0. The apportionment shall
13 be based on the percentage of total time that the student is enrolled in or
14 in attendance at the school district and Arizona online instruction or the
15 charter school and Arizona online instruction.

16 (vi) For homebound or hospitalized, a student receiving at least four
17 hours of instruction per week.

18 ~~(c) "Full-time instructional program" means:~~

19 ~~(i) Through fiscal year 2000-2001, at least four subjects, each of~~
20 ~~which, if taught each school day for the minimum number of days required in a~~
21 ~~school year, would meet a minimum of one hundred twenty hours a year, or the~~
22 ~~equivalent, or one or more subjects taught in amounts of time totaling at~~
23 ~~least twenty hours per week prorated for any week with fewer than five school~~
24 ~~days.~~

25 ~~(ii) For fiscal year 2001-2002, an instructional program that meets at~~
26 ~~least a total of seven hundred four hours during the minimum number of days~~
27 ~~required and includes at least four subjects each of which, if taught each~~
28 ~~school day for the minimum number of days required in a school year, would~~
29 ~~meet a minimum of one hundred twenty two hours a year, or the equivalent, or~~
30 ~~one or more subjects taught in amounts of time totaling at least twenty hours~~
31 ~~per week prorated for any week with fewer than five school days.~~

32 ~~(iii) For fiscal year 2002-2003, an instructional program that meets~~
33 ~~at least a total of seven hundred eight hours during the minimum number of~~
34 ~~days required and includes at least four subjects each of which, if taught~~
35 ~~each school day for the minimum number of days required in a school year,~~
36 ~~would meet a minimum of one hundred twenty two hours a year, or the~~
37 ~~equivalent, or one or more subjects taught in amounts of time totaling at~~
38 ~~least twenty hours per week prorated for any week with fewer than five school~~
39 ~~days.~~

40 ~~(iv) For fiscal year 2003-2004, an instructional program that meets at~~
41 ~~least a total of seven hundred twelve hours during the minimum number of days~~
42 ~~required and includes at least four subjects each of which, if taught each~~
43 ~~school day for the minimum number of days required in a school year, would~~
44 ~~meet a minimum of one hundred twenty three hours a year, or the equivalent,~~

1 ~~or one or more subjects taught in amounts of time totaling at least twenty~~
2 ~~hours per week prorated for any week with fewer than five school days.~~

3 ~~(v) For fiscal year 2004-2005, an instructional program that meets at~~
4 ~~least a total of seven hundred sixteen hours during the minimum number of~~
5 ~~days required and includes at least four subjects each of which, if taught~~
6 ~~each school day for the minimum number of days required in a school year,~~
7 ~~would meet a minimum of one hundred twenty three hours a year, or the~~
8 ~~equivalent, or one or more subjects taught in amounts of time totaling at~~
9 ~~least twenty hours per week prorated for any week with fewer than five school~~
10 ~~days.~~

11 ~~(vi) For fiscal year 2005-2006 and each fiscal year thereafter, an~~
12 ~~instructional program that meets at least a total of seven hundred twenty~~
13 ~~hours during the minimum number of days required and includes at least four~~
14 ~~subjects each of which, if taught each school day for the minimum number of~~
15 ~~days required in a school year, would meet a minimum of one hundred~~
16 ~~twenty three hours a year, or the equivalent, or one or more subjects taught~~
17 ~~in amounts of time totaling at least twenty hours per week prorated for any~~
18 ~~week with fewer than five school days.~~

19 ~~3.~~ 2. "Budget year" means the fiscal year for which the school
20 district is budgeting and which immediately follows the current year.

21 ~~4.~~ 3. "Common school district" means a political subdivision of this
22 state offering instruction to students in programs for preschool children
23 with disabilities and kindergarten programs and grades one through eight.

24 ~~5.~~ 4. "Current year" means the fiscal year in which a school district
25 is operating.

26 ~~6.~~ 5. "Daily attendance" means:

27 (a) For common schools, days in which a pupil:

28 (i) Of a kindergarten program or ungraded, but not group B children
29 with disabilities, and at least five, but under six, years of age by
30 September 1 attends at least three-quarters of the instructional time
31 scheduled for the day. If the total instruction time scheduled for the year
32 is at least three hundred forty-six hours but is less than six hundred
33 ninety-two hours such attendance shall be counted as one-half day of
34 attendance. If the instructional time scheduled for the year is at least six
35 hundred ninety-two hours, "daily attendance" means days in which a pupil
36 attends at least one-half of the instructional time scheduled for the day.
37 Such attendance shall be counted as one-half day of attendance.

38 (ii) Of the first, second or third grades, ungraded and at least six,
39 but under nine, years of age by September 1 or ungraded group B children with
40 disabilities and at least five, but under six, years of age by September 1
41 attends more than three-quarters of the instructional time scheduled for the
42 day.

43 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
44 nine, but under twelve, years of age by September 1 attends more than

1 three-quarters of the instructional time scheduled for the day, except as
2 provided in section 15-797.

3 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
4 but under fourteen, years of age by September 1 attends more than
5 three-quarters of the instructional time scheduled for the day, except as
6 provided in section 15-797.

7 (b) For common schools, the attendance of a pupil at three-quarters or
8 less of the instructional time scheduled for the day shall be counted as
9 follows, except as provided in section 15-797 and except that attendance for
10 a fractional student shall not exceed the pupil's fractional membership:

11 (i) If attendance for all pupils in the school is based on quarter
12 days, the attendance of a pupil shall be counted as one-fourth of a day's
13 attendance for each one-fourth of full-time instructional time attended.

14 (ii) If attendance for all pupils in the school is based on half days,
15 the attendance of at least three-quarters of the instructional time scheduled
16 for the day shall be counted as a full day's attendance and attendance at a
17 minimum of one-half but less than three-quarters of the instructional time
18 scheduled for the day equals one-half day of attendance.

19 (c) For common schools, the attendance of a preschool child with
20 disabilities shall be counted as one-fourth day's attendance for each
21 thirty-six minutes of attendance not including lunch periods and recess
22 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
23 subsection for children with disabilities up to a maximum of three hundred
24 sixty minutes each week.

25 (d) For high schools or ungraded schools in which the pupil is at
26 least fourteen years of age by September 1, the attendance of a pupil shall
27 not be counted as a full day unless the pupil is actually and physically in
28 attendance and enrolled in and carrying four subjects, each of which, if
29 taught each school day for the minimum number of days required in a school
30 year, would meet a minimum of one hundred twenty hours a year, or the
31 equivalent, that count toward graduation in a recognized high school except
32 as provided in section 15-797 and subdivision (e) of this paragraph.
33 Attendance of a pupil carrying less than the load prescribed shall be
34 prorated.

35 (e) For high schools or ungraded schools in which the pupil is at
36 least fourteen years of age by September 1, the attendance of a pupil may be
37 counted as one-fourth of a day's attendance for each sixty minutes of
38 instructional time in a subject that counts toward graduation, except that
39 attendance for a pupil shall not exceed the pupil's full or fractional
40 membership.

41 (f) For homebound or hospitalized, a full day of attendance may be
42 counted for each day during a week in which the student receives at least
43 four hours of instruction.

44 (g) For school districts which maintain school for an approved
45 year-round school year operation, attendance shall be based on a computation,

1 as prescribed by the superintendent of public instruction, of the one hundred
2 eighty days' equivalency or two hundred days' equivalency, as applicable, of
3 instructional time as approved by the superintendent of public instruction
4 during which each pupil is enrolled.

5 ~~7.~~ 6. "Daily route mileage" means the sum of:

6 (a) The total number of miles driven daily by all buses of a school
7 district while transporting eligible students from their residence to the
8 school of attendance and from the school of attendance to their residence on
9 scheduled routes approved by the superintendent of public instruction.

10 (b) The total number of miles driven daily on routes approved by the
11 superintendent of public instruction for which a private party, a political
12 subdivision or a common or a contract carrier is reimbursed for bringing an
13 eligible student from the place of his residence to a school transportation
14 pickup point or to the school of attendance and from the school
15 transportation scheduled return point or from the school of attendance to his
16 residence. Daily route mileage includes the total number of miles necessary
17 to drive to transport eligible students from and to their residence as
18 provided in this paragraph.

19 ~~8.~~ 7. "District support level" means the base support level plus the
20 transportation support level.

21 ~~9.~~ 8. "Eligible students" means:

22 (a) Students who are transported by or for a school district and who
23 qualify as full-time students or fractional students, except students for
24 whom transportation is paid by another school district or a county school
25 superintendent, and:

26 (i) For common school students, whose place of actual residence within
27 the school district is more than one mile from the school facility of
28 attendance or students who are admitted pursuant to section 15-816.01 and who
29 meet the economic eligibility requirements established under the national
30 school lunch and child nutrition acts (42 United States Code sections 1751
31 through 1785) for free or reduced price lunches and whose actual place of
32 residence outside the school district boundaries is more than one mile from
33 the school facility of attendance.

34 (ii) For high school students, whose place of actual residence within
35 the school district is more than one and one-half miles from the school
36 facility of attendance or students who are admitted pursuant to section
37 15-816.01 and who meet the economic eligibility requirements established
38 under the national school lunch and child nutrition acts (42 United States
39 Code sections 1751 through 1785) for free or reduced price lunches and whose
40 actual place of residence outside the school district boundaries is more than
41 one and one-half miles from the school facility of attendance.

42 (b) Kindergarten students, for purposes of computing the number of
43 eligible students under subdivision (a), item (i) of this paragraph, shall be
44 counted as full-time students, notwithstanding any other provision of law.

1 (c) Children with disabilities, as defined by section 15-761, who are
2 transported by or for the school district or who are admitted pursuant to
3 chapter 8, article 1.1 of this title and who qualify as full-time students or
4 fractional students regardless of location or residence within the school
5 district or children with disabilities whose transportation is required by
6 the pupil's individualized education program.

7 (d) Students whose residence is outside the school district and who
8 are transported within the school district on the same basis as students who
9 reside in the school district.

10 ~~10.~~ 9. "Enrolled" or "enrollment" means when a pupil is currently
11 registered in the school district.

12 ~~11.~~ 10. "GDP price deflator" means the average of the four implicit
13 price deflators for the gross domestic product reported by the United States
14 department of commerce for the four quarters of the calendar year.

15 ~~12.~~ 11. "High school district" means a political subdivision of this
16 state offering instruction to students for grades nine through twelve or that
17 portion of the budget of a common school district which is allocated to
18 teaching high school subjects with permission of the state board of
19 education.

20 ~~13.~~ 12. "Revenue control limit" means the base revenue control limit
21 plus the transportation revenue control limit.

22 ~~14.~~ 13. "Student count" means average daily membership as prescribed
23 in this subsection for the fiscal year prior to the current year, except that
24 for the purpose of budget preparation student count means average daily
25 membership as prescribed in this subsection for the current year.

26 ~~15.~~ 14. "Submit electronically" means submitted in a format and in a
27 manner prescribed by the department of education.

28 ~~16.~~ 15. "Total bus mileage" means the total number of miles driven by
29 all buses of a school district during the school year.

30 ~~17.~~ 16. "Total students transported" means all eligible students
31 transported from their place of residence to a school transportation pickup
32 point or to the school of attendance and from the school of attendance or
33 from the school transportation scheduled return point to their place of
34 residence.

35 ~~18.~~ 17. "Unified school district" means a political subdivision of the
36 state offering instruction to students in programs for preschool children
37 with disabilities and kindergarten programs and grades one through twelve.

38 B. In this title, unless the context otherwise requires:

39 1. "Base" means the revenue level per student count specified by the
40 legislature.

41 2. "Base level" means:

42 (a) For fiscal year 2007-2008, three thousand two hundred twenty-six
43 dollars eighty-eight cents.

44 (b) For fiscal year 2008-2009, three thousand two hundred ninety-one
45 dollars forty-two cents.

1 (c) For fiscal year 2009-2010, three thousand two hundred sixty-seven
2 dollars seventy-two cents.

3 3. "Base revenue control limit" means the base revenue control limit
4 computed as provided in section 15-944.

5 4. "Base support level" means the base support level as provided in
6 section 15-943.

7 5. "Certified teacher" means a person who is certified as a teacher
8 pursuant to the rules adopted by the state board of education, who renders
9 direct and personal services to school children in the form of instruction
10 related to the school district's educational course of study and who is paid
11 from the maintenance and operation section of the budget.

12 6. "DD" means programs for children with developmental delays who are
13 at least three years of age but under ten years of age. a preschool child
14 who is categorized under this paragraph is not eligible to receive funding
15 pursuant to section 15-943, paragraph 2, subdivision (b).

16 7. "ED, MIMR, SLD, SLI and OHI" means programs for children with
17 emotional disabilities, mild mental retardation, a specific learning
18 disability, a speech/language impairment and other health impairments. A
19 preschool child who is categorized as SLI under this paragraph is not
20 eligible to receive funding pursuant to section 15-943, paragraph 2,
21 subdivision (b).

22 8. "ED-P" means programs for children with emotional disabilities who
23 are enrolled in private special education programs as prescribed in section
24 15-765, subsection D, paragraph 1 or in an intensive school district program
25 as provided in section 15-765, subsection D, paragraph 2.

26 9. "ELL" means English learners who do not speak English or whose
27 native language is not English, who are not currently able to perform
28 ordinary classroom work in English and who are enrolled in an English
29 language education program pursuant to sections 15-751, 15-752 and 15-753.

30 10. "Full-time equivalent certified teacher" or "FTE certified teacher"
31 means for a certified teacher the following:

32 (a) If employed full time as defined in section 15-501, 1.00.

33 (b) If employed less than full time, multiply 1.00 by the percentage
34 of a full school day, or its equivalent, or a full class load, or its
35 equivalent, for which the teacher is employed as determined by the governing
36 board.

37 11. "Group A" means educational programs for career exploration, a
38 specific learning disability, an emotional disability, mild mental
39 retardation, remedial education, a speech/language impairment, developmental
40 delay, homebound, bilingual, other health impairments and gifted pupils.

41 12. "Group B" means educational improvements for pupils in kindergarten
42 programs and grades one through three, educational programs for autism, a
43 hearing impairment, moderate mental retardation, multiple disabilities,
44 multiple disabilities with severe sensory impairment, orthopedic impairments,
45 preschool severe delay, severe mental retardation and emotional disabilities

1 for school age pupils enrolled in private special education programs or in
2 school district programs for children with severe disabilities or visual
3 impairment and English learners enrolled in a program to promote English
4 language proficiency pursuant to section 15-752.

5 13. "HI" means programs for pupils with hearing impairment.

6 14. "Homebound" or "hospitalized" means a pupil who is capable of
7 profiting from academic instruction but is unable to attend school due to
8 illness, disease, accident or other health conditions, who has been examined
9 by a competent medical doctor and who is certified by that doctor as being
10 unable to attend regular classes for a period of not less than three school
11 months or a pupil who is capable of profiting from academic instruction but
12 is unable to attend school regularly due to chronic or acute health problems,
13 who has been examined by a competent medical doctor and who is certified by
14 that doctor as being unable to attend regular classes for intermittent
15 periods of time totaling three school months during a school year. The
16 medical certification shall state the general medical condition, such as
17 illness, disease or chronic health condition, that is the reason that the
18 pupil is unable to attend school. Homebound or hospitalized includes a
19 student who is unable to attend school for a period of less than three months
20 due to a pregnancy if a competent medical doctor, after an examination,
21 certifies that the student is unable to attend regular classes due to risk to
22 the pregnancy or to the student's health.

23 15. "K" means kindergarten programs.

24 16. "K-3" means kindergarten programs and grades one through three.

25 17. "MD-R, A-R and SMR-R" means resource programs for pupils with
26 multiple disabilities, autism and severe mental retardation.

27 18. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
28 with multiple disabilities, autism and severe mental retardation.

29 19. "MDSSI" means a program for pupils with multiple disabilities with
30 severe sensory impairment.

31 20. "MOMR" means programs for pupils with moderate mental retardation.

32 21. "OI-R" means a resource program for pupils with orthopedic
33 impairments.

34 22. "OI-SC" means a self-contained program for pupils with orthopedic
35 impairments.

36 23. "PSD" means preschool programs for children with disabilities as
37 provided in section 15-771.

38 24. "P-SD" means programs for children who meet the definition of
39 preschool severe delay as provided in section 15-771.

40 25. "Qualifying tax rate" means the qualifying tax rate specified in
41 section 15-971 applied to the assessed valuation used for primary property
42 taxes.

43 26. "Small isolated school district" means a school district which
44 meets all of the following:

1 (a) Has a student count of fewer than six hundred in kindergarten
2 programs and grades one through eight or grades nine through twelve.

3 (b) Contains no school which is fewer than thirty miles by the most
4 reasonable route from another school, or, if road conditions and terrain make
5 the driving slow or hazardous, fifteen miles from another school which
6 teaches one or more of the same grades and is operated by another school
7 district in this state.

8 (c) Is designated as a small isolated school district by the
9 superintendent of public instruction.

10 27. "Small school district" means a school district which meets all of
11 the following:

12 (a) Has a student count of fewer than six hundred in kindergarten
13 programs and grades one through eight or grades nine through twelve.

14 (b) Contains at least one school which is fewer than thirty miles by
15 the most reasonable route from another school which teaches one or more of
16 the same grades and is operated by another school district in this state.

17 (c) Is designated as a small school district by the superintendent of
18 public instruction.

19 28. "Transportation revenue control limit" means the transportation
20 revenue control limit computed as prescribed in section 15-946.

21 29. "Transportation support level" means the support level for pupil
22 transportation operating expenses as provided in section 15-945.

23 30. "VI" means programs for pupils with visual impairments.

24 31. "Voc. Ed." means career and technical education and vocational
25 education programs, as defined in section 15-781.

26 Sec. 13. Repeal

27 Section 15-902, Arizona Revised Statutes, is repealed.

28 Sec. 14. Section 15-902.01, Arizona Revised Statutes, is amended to
29 read:

30 15-902.01. Student revenue loss phase-down

31 A. ~~Notwithstanding section 15-902, subsection I~~ A school district
32 ~~which~~ THAT loses at least five hundred students from its student count as a
33 result of the formation of a joint unified school district pursuant to
34 section 15-450 and THAT does not receive tuition for those students for the
35 budget year, may increase its base support level for the budget year by an
36 amount as follows:

37 1. For the first year of the loss, six hundred fifty thousand dollars.

38 2. For the second year following the loss, six hundred thousand
39 dollars.

40 3. For the third year following the loss, five hundred thousand
41 dollars.

42 4. For the fourth year following the loss, three hundred thousand
43 dollars.

44 5. For the fifth year following the loss, one hundred thousand
45 dollars.

1 B. In addition to any adjustment for tuition loss received pursuant to
2 section 15-954, a union high school district ~~which~~ THAT loses at least fifty
3 students from its tuition count as a result of the formation of a joint
4 unified school district pursuant to section 15-450 and THAT does not receive
5 tuition for those students for the budget year, ~~may~~ increase its base
6 support level for the budget year by an amount as follows:

7 1. For the first year of the loss, one hundred thousand dollars.

8 2. If during the second year following the initial loss of students
9 the union high school district loses an additional fifty students as a result
10 of the formation of a joint unified school district pursuant to section
11 15-450 and does not receive tuition for those students for the budget year,
12 two hundred thousand dollars.

13 3. If during the third year following the initial loss of students the
14 union high school district loses an additional fifty students beyond the
15 second year's additional loss as a result of the formation of a joint unified
16 school district pursuant to section 15-450 and does not receive tuition for
17 those students for the budget year, three hundred twenty-five thousand
18 dollars.

19 4. If the union high school district was eligible for the three
20 hundred twenty-five thousand dollars as provided in paragraph 3 of this
21 subsection, for the fourth year following the initial loss of students, two
22 hundred thousand dollars.

23 5. If the union high school district was eligible for the two hundred
24 thousand dollars as provided in paragraph 4 of this subsection, for the fifth
25 year following the initial loss of students, one hundred thousand dollars.

26 Sec. 15. Repeal

27 Section 15-902.02, Arizona Revised Statutes, is repealed.

28 Sec. 16. Title 15, chapter 9, article 1, Arizona Revised Statutes, is
29 amended by adding sections 15-902.03 and 15-902.04, to read:

30 15-902.03. Procedures for determining average daily membership

31 A. THE DEPARTMENT OF EDUCATION SHALL COMPUTE AND AGGREGATE AVERAGE
32 DAILY MEMBERSHIP FOR THE CURRENT YEAR NO LATER THAN APRIL 15, AND SHALL NOT
33 FURTHER AGGREGATE STUDENT DATA AFTER APRIL 15 FOR THE CURRENT YEAR. THE
34 DEPARTMENT SHALL INFORM SCHOOL DISTRICTS AND CHARTER SCHOOLS OF THEIR FINAL
35 AVERAGE DAILY MEMBERSHIP COUNTS NO LATER THAN APRIL 22 OF THE CURRENT YEAR.
36 SCHOOL DISTRICTS SHALL USE THESE STUDENT COUNTS TO DETERMINE THE AVERAGE
37 DAILY MEMBERSHIP FOR THE BUDGET YEAR. ANY FUTURE ADJUSTMENTS IN STUDENT
38 COUNTS, IF DISCOVERED BY THE SCHOOL DISTRICT OR CHARTER SCHOOL AFTER APRIL
39 15, SHALL BE MADE PURSUANT TO SECTION 15-915. THIS SUBSECTION DOES NOT APPLY
40 TO ARIZONA ONLINE INSTRUCTION.

41 B. NOTWITHSTANDING SUBSECTION A OF THIS SECTION, SCHOOL DISTRICTS MAY
42 CONTINUE TO MAKE BUDGET ADJUSTMENTS PURSUANT TO SECTION 15-905, MAKE
43 CORRECTIONS PURSUANT TO SECTION 15-915 AND USE THE ADJUSTMENT FOR GROWTH IN
44 STUDENT COUNT PURSUANT TO SECTION 15-948.

1 15-902.04. Optional two hundred days of instruction

2 A SCHOOL DISTRICT OR CHARTER HOLDER THAT ELECTS TO PROVIDE TWO HUNDRED
3 DAYS OF INSTRUCTION MAY INCREASE ITS BASE LEVEL BY FIVE PER CENT. A SCHOOL
4 DISTRICT OR CHARTER HOLDER THAT ELECTS TO PROVIDE TWO HUNDRED DAYS OF
5 INSTRUCTION SHALL OBTAIN APPROVAL FROM THE DEPARTMENT OF EDUCATION BEFORE THE
6 BEGINNING OF THE FISCAL YEAR THAT THE SCHOOL DISTRICT OR THE CHARTER HOLDER
7 IS PLANNING ON OFFERING INSTRUCTION FOR TWO HUNDRED DAYS. THE SCHOOL
8 DISTRICT OR CHARTER HOLDER SHALL ENSURE THAT THE LAST DAY OF INSTRUCTION IN
9 ANY SCHOOL YEAR OCCURS BEFORE JUNE 30. THE SCHOOL DISTRICT OR CHARTER SCHOOL
10 SHALL INCREASE ITS ANNUAL INSTRUCTIONAL HOURS BY TEN PER CENT IN ORDER TO
11 RECEIVE THE BASE LEVEL INCREASE PRESCRIBED IN THIS SECTION.

12 Sec. 17. Section 15-910.01, Arizona Revised Statutes, is amended to
13 read:

14 15-910.01. School district budgets: career and technical
15 education and vocational education center expenses

16 A. The governing board of a school district which has entered into an
17 intergovernmental agreement or other written contract to establish a jointly
18 owned and operated career and technical education and vocational education
19 center as provided in section 15-789 may budget for vocational maintenance
20 and operation expenses which are specifically exempt in whole or part from
21 the revenue control limit for a period of not to exceed three years beginning
22 the first year that the career and technical education and vocational
23 education center is operating and serving students. The governing board
24 shall notify the state board of education before adopting a budget as
25 provided in this section for the first year of operation of the career and
26 technical education and vocational education center to demonstrate that the
27 center is ready to begin operations.

28 B. For each year that a school district is authorized to budget for a
29 joint career and technical education and vocational education center as
30 provided in this section, the district shall determine the budget amount as
31 follows:

32 1. Estimate the average daily membership or adjusted average daily
33 membership for the budget year of students to be enrolled in courses held at
34 the joint career and technical education and vocational education center
35 pursuant to ~~sections~~ SECTION 15-901 and ~~15-902~~.

36 2. Multiply 0.142 by the base level and multiply this product by the
37 average daily membership or adjusted average daily membership as determined
38 in paragraph 1 of this subsection.

39 C. Before May 15, school districts which overestimate the average
40 daily membership as provided in subsection B, paragraph 1 of this section
41 shall adjust the general budget limit and expenditures based on the actual
42 average daily membership during the current fiscal year. School districts
43 which underestimate the average daily membership may adjust their budgets
44 before May 15 based on the actual average daily membership during the current
45 fiscal year. Procedures for completing adjustments shall be prescribed in

1 the uniform system of financial records. Not later than May 18, the budget
2 as revised shall be submitted electronically to the superintendent of public
3 instruction.

4 D. A governing board which budgets for career and technical education
5 and vocational education center expenses pursuant to this section shall:

6 1. Prepare and employ a separate maintenance and operation budget for
7 the career and technical education and vocational education center on a form
8 prescribed by the superintendent of public instruction in conjunction with
9 the auditor general. The budget format shall be designed to allow a school
10 district to plan and provide in detail for expenditures to be incurred solely
11 for the maintenance and operation of the career and technical education and
12 vocational education center.

13 2. Prepare as a part of the annual financial report a detailed report
14 of expenditures incurred solely for the maintenance and operation of the
15 career and technical education and vocational education center.

16 E. The part of the primary tax rate set to fund the vocational
17 maintenance and operations expenses as provided in this section shall not be
18 included in the computation of additional state aid for education as
19 prescribed in section 15-972.

20 Sec. 18. Section 15-915, Arizona Revised Statutes, is amended to read:

21 15-915. Correction of state aid or budget limit errors;
22 definition

23 A. If the superintendent of public instruction determines that the
24 calculation of state aid for a school district or charter school or the
25 calculation of the school district's or charter school's budget limits within
26 the previous ~~three years~~ YEAR did not conform with statutory requirements,
27 the superintendent shall require correction of the errors as follows:

28 1. Corrections may be made in the current year or in the budget year,
29 except that in case of hardship to the school district, the superintendent
30 may approve corrections partly in one year and partly in the year after that
31 year.

32 2. Errors in the calculation of state aid shall be corrected by
33 increasing or decreasing the state aid to the school district or charter
34 school in the year or years in which the correction is made.

35 3. Errors in the calculation of the school district's or charter
36 school's budget limits shall be corrected at a public hearing by requiring
37 the governing board to reduce or by allowing it to increase its budget by the
38 amount of the correction to be made that year. Overbudgeting errors
39 corrected as provided in this paragraph are exempt from ~~the provisions of~~
40 section 15-905, subsections L and M. Not later than three days after the
41 hearing and correction, the budget as revised shall be submitted
42 electronically to the superintendent of public instruction. Nothing in this
43 paragraph shall be construed to require a decrease in state aid not otherwise
44 required by paragraph 2 of this subsection.

1 B. Subject to the review by the joint legislative budget committee,
2 the superintendent of public instruction shall adjust state aid for a school
3 district in the current year if the governing board of a school district
4 requests the recalculation of state aid for a prior year due to a change in
5 assessed valuation that occurred as the result of a judgment in accordance
6 with section 42-16213.

7 C. Notwithstanding subsection A of this section, a school district or
8 charter school may not make upward revisions to its average daily membership
9 counts for a particular school year after June 30 of the subsequent school
10 year.

11 D. For the purposes of this section, "state aid":

12 1. For school districts means state aid as determined in section
13 15-971 and additional state aid as determined in section 15-972.

14 2. For charter schools means state aid as determined in section
15 15-185.

16 Sec. 19. Section 15-1021, Arizona Revised Statutes, as amended by Laws
17 2010, chapter 17, section 16, is amended to read:

18 15-1021. Limitation on bonded indebtedness; limitation on
19 authorization and issuance of bonds

20 A. Until December 31, 1999, a school district may issue class A bonds
21 for the purposes specified in this section and chapter 4, article 5 of this
22 title to an amount in the aggregate, including the existing indebtedness, not
23 exceeding fifteen per cent of the taxable property used for secondary
24 property tax purposes, as determined pursuant to title 42, chapter 15,
25 article 1, within a school district as ascertained by the last property tax
26 assessment previous to issuing the bonds.

27 B. From and after December 31, 1998, a school district may issue class
28 B bonds for the purposes specified in this section and chapter 4, article 5
29 of this title to an amount in the aggregate, including the existing class B
30 indebtedness, not exceeding five per cent of the taxable property used for
31 secondary property tax purposes, as determined pursuant to title 42, chapter
32 15, article 1, within a school district as ascertained by the last assessment
33 of state and county taxes previous to issuing the bonds, or one thousand five
34 hundred dollars per student ~~count as determined pursuant to section 15-902~~
35 AVERAGE DAILY MEMBERSHIP, whichever amount is greater. A school district
36 shall not issue class B bonds until the proceeds of any class A bonds issued
37 by the school district have been obligated in contract. The total amount of
38 class A and class B bonds issued by a school district shall not exceed the
39 debt limitations prescribed in article IX, section 8, Constitution of
40 Arizona.

41 C. Until December 31, 1999, a unified school district, as defined
42 under article IX, section 8.1, Constitution of Arizona, may issue class A
43 bonds for the purposes specified in this section and chapter 4, article 5 of
44 this title to an amount in the aggregate, including the existing
45 indebtedness, not exceeding thirty per cent of the taxable property used for

1 secondary property tax purposes, as determined pursuant to title 42, chapter
2 15, article 1, within a unified school district as ascertained by the last
3 property tax assessment previous to issuing the bonds.

4 D. From and after December 31, 1998, a unified school district, as
5 defined under article IX, section 8.1, Constitution of Arizona, may issue
6 class B bonds for the purposes specified in this section and chapter 4,
7 article 5 of this title to an amount in the aggregate, including the existing
8 class B indebtedness, not exceeding ten per cent of the taxable property used
9 for secondary tax purposes, as determined pursuant to title 42, chapter 15,
10 article 1, within a school district as ascertained by the last assessment of
11 state and county taxes previous to issuing the bonds, or one thousand five
12 hundred dollars per student ~~count as determined pursuant to section 15-902~~
13 AVERAGE DAILY MEMBERSHIP, whichever amount is greater. A unified school
14 district shall not issue class B bonds until the proceeds of any class A
15 bonds issued by the unified school district have been obligated in contract.
16 The total amount of class A and class B bonds issued by a unified school
17 district shall not exceed the debt limitations prescribed in article IX,
18 section 8.1, Constitution of Arizona.

19 E. No bonds authorized to be issued by an election held after July 1,
20 1980 and before November 24, 2009 may be issued more than six years after the
21 date of the election, except that class A bonds shall not be issued after
22 December 31, 1999. No bonds authorized to be issued by an election held
23 after November 24, 2009 may be issued more than ten years after the date of
24 the election.

25 F. Except as provided in section 15-491, subsection A, paragraph 3,
26 bond proceeds shall not be expended for items whose useful life is less than
27 the average life of the bonds issued, except that bond proceeds shall not be
28 expended for items whose useful life is less than five years.

29 G. A joint technical education district shall not spend class B bond
30 proceeds to construct or renovate a facility located on the campus of a
31 school in a school district that participates in the joint district unless
32 the facility is only used to provide career and technical education and is
33 available to all pupils who live within the joint technical education
34 district. If the facility is not owned by the joint technical education
35 district, an intergovernmental agreement or a written contract shall be
36 executed for ten years or the duration of the bonded indebtedness, whichever
37 is greater. The intergovernmental agreement or written contract shall
38 include provisions:

39 1. That preserve the usage of the facility renovated or constructed,
40 or both, only for career and technology programs operated by the joint
41 technical education district.

42 2. That include the process to be used by the participating district
43 to compensate the joint technology education district in the event that the
44 facility is no longer used only for career and technology education programs

1 offered by the joint technological education district during the life of the
2 bond.

3 H. A school district shall not authorize, issue or sell bonds pursuant
4 to this section if the school district has any existing indebtedness from
5 impact aid revenue bonds pursuant to chapter 16, article 8 of this title,
6 except for bonds issued to refund any bonds issued by the governing board.

7 Sec. 20. Section 15-1371, Arizona Revised Statutes, is amended to
8 read:

9 15-1371. Equalization assistance for state educational system
10 for committed youth; state education fund for
11 committed youth

12 A. The superintendent of the state educational system for committed
13 youth shall calculate a base support level as prescribed in section 15-943
14 and a capital outlay revenue limit as prescribed in section 15-961 for the
15 educational system established pursuant to section 41-2831, except that:

16 1. Notwithstanding section 15-901:

17 (a) The student count shall be determined using the following
18 definitions:

19 (i) "Daily attendance" means days in which a pupil attends an
20 educational program for a minimum of two hundred forty minutes not including
21 meal and recess periods. Attendance for one hundred twenty or more minutes
22 but fewer than two hundred forty minutes shall be counted as one-half day's
23 attendance.

24 (ii) "Fractional student" means a pupil enrolled in an educational
25 program of one hundred twenty or more minutes but fewer than two hundred
26 forty minutes a day not including meal and recess periods. A fractional
27 student shall be counted as one-half of a full-time student.

28 (iii) "Full-time student" means a pupil enrolled in an educational
29 program for a minimum of two hundred forty minutes a day not including meal
30 and recess periods.

31 (b) "Seriously emotionally disabled pupils enrolled in a school
32 district program as provided in section 15-765" includes seriously
33 emotionally disabled pupils enrolled in the department of juvenile
34 corrections school system.

35 2. All pupils shall be counted as if they were enrolled in grades nine
36 through twelve.

37 3. The teacher experience index is 1.00.

38 4. The base support level shall be calculated using the base level
39 multiplied by 1.0, except that the state educational system for committed
40 youth is also eligible beginning with fiscal year 1992-1993 for additional
41 teacher compensation monies as specified in section 15-952.

42 5. Section 15-943, paragraph 1 does not apply.

43 B. The superintendent may use sections 15-855, 15-942 and 15-948 in
44 making the calculations prescribed in subsection A of this section, except
45 that for the 1992-1993 fiscal year rapid decline shall not be used. The

1 superintendent of the system and the department of education shall prescribe
2 procedures for determining ~~average daily attendance and average daily~~
3 membership.

4 C. Equalization assistance for the state educational system for
5 committed youth for the budget year is determined by adding the amount of the
6 base support level and the capital outlay revenue limit for the budget year
7 calculated as prescribed in subsection A of this section.

8 D. The state educational system for committed youth shall not receive
9 twenty-five per cent of the equalization assistance unless it is accredited
10 by the north central association of colleges and secondary schools.

11 E. The state education fund for committed youth is established. Fund
12 monies shall be used for the purposes of the state educational system for
13 committed youth, and notwithstanding section 35-173, monies appropriated to
14 the fund shall not be transferred to or used for any program not within the
15 state educational system for committed youth. State equalization assistance
16 for the state educational system for committed youth as determined in
17 subsection A of this section, other state and federal monies received from
18 the department of education for the state educational system for committed
19 youth and monies appropriated for the state educational system for committed
20 youth, except monies appropriated pursuant to subsection F of this section,
21 shall be deposited in the fund. The state treasurer shall maintain separate
22 accounts for fund monies if the separate accounts are required by statute or
23 federal law.

24 F. The department of juvenile corrections may seek appropriations for
25 capital needs for land, buildings and improvements, including repairs and
26 maintenance, required to maintain the state educational system for committed
27 youth.

28 G. The state board of education shall apportion state aid and deposit
29 it, pursuant to sections 35-146 and 35-147, in the state education fund for
30 committed youth in an amount as determined by subsection A of this section.
31 The apportionments shall be as follows:

32 1. On July 1, one-third of the total amount to be apportioned during
33 the fiscal year.

34 2. On October 15, one-twelfth of the total amount to be apportioned
35 during the fiscal year.

36 3. On December 15, one-twelfth of the total amount to be apportioned
37 during the fiscal year.

38 4. On January 15, one-twelfth of the total amount to be apportioned
39 during the fiscal year.

40 5. On February 15, one-twelfth of the total amount to be apportioned
41 during the fiscal year.

42 6. On March 15, one-twelfth of the total amount to be apportioned
43 during the fiscal year.

44 7. On April 15, one-twelfth of the total amount to be apportioned
45 during the fiscal year.

1 8. On May 15, one-twelfth of the total amount to be apportioned during
2 the fiscal year.

3 9. On June 15, one-twelfth of the total amount to be apportioned
4 during the fiscal year.

5 H. In conjunction with the department of administration, the
6 superintendent of the state educational system for committed youth shall
7 establish procedures to account for the receipt and expenditure of state
8 education fund for committed youth monies by modifying the current accounting
9 system used for state agencies as necessary.

10 Sec. 21. Section 15-1372, Arizona Revised Statutes, is amended to
11 read:

12 15-1372. Equalization assistance for state educational system
13 for persons in the state department of corrections:
14 fund

15 A. The state department of corrections shall provide educational
16 services for pupils who are under the age of eighteen years and pupils with
17 disabilities who are age twenty-one or younger who are committed to the state
18 department of corrections. The department of education shall provide
19 technical assistance to the state department of corrections on request and
20 shall assist the state department of corrections in establishing program and
21 personnel standards.

22 B. The state education fund for correctional education is established.
23 Subject to legislative appropriation, fund monies shall be used for the
24 purposes of providing education to pupils as specified in subsection A of
25 this section. Notwithstanding section 35-173, monies appropriated to the
26 fund shall not be transferred to or used for any program not directly related
27 to the educational services required by this section. State equalization
28 assistance, other state and federal monies received from the department of
29 education for which the pupils in correctional education programs qualify and
30 monies appropriated for correctional education except monies appropriated
31 pursuant to subsection C of this section shall be deposited in the fund. The
32 state treasurer shall maintain separate accounts for fund monies if the
33 separate accounts are required by statute or federal law.

34 C. The state department of corrections may seek appropriations for
35 capital needs for land, buildings and improvements, including repairs and
36 maintenance, required to maintain the educational services required by this
37 section.

38 D. The state board of education shall apportion state aid and deposit
39 it, pursuant to sections 35-146 and 35-147, in the state education fund for
40 correctional education in an amount as determined by subsection E of this
41 section. The apportionments are as follows:

42 1. On July 1, one-third of the total amount to be apportioned during
43 the fiscal year.

44 2. On October 15, one-twelfth of the total amount to be apportioned
45 during the fiscal year.

1 3. On December 15, one-twelfth of the total amount to be apportioned
2 during the fiscal year.

3 4. On January 15, one-twelfth of the total amount to be apportioned
4 during the fiscal year.

5 5. On February 15, one-twelfth of the total amount to be apportioned
6 during the fiscal year.

7 6. On March 15, one-twelfth of the total amount to be apportioned
8 during the fiscal year.

9 7. On April 15, one-twelfth of the total amount to be apportioned
10 during the fiscal year.

11 8. On May 15, one-twelfth of the total amount to be apportioned during
12 the fiscal year.

13 9. On June 15, one-twelfth of the total amount to be apportioned
14 during the fiscal year.

15 E. The director of the state department of corrections shall calculate
16 a base support level as prescribed in section 15-943 and a capital outlay
17 revenue limit as prescribed in section 15-961 for the educational services
18 required by this section, except that:

19 1. Notwithstanding section 15-901, the student count shall be
20 determined using the following definitions:

21 (a) "Daily attendance" means days in which a pupil attends an
22 educational program for a minimum of one hundred eighty minutes not including
23 meal and recess periods. Attendance for ninety or more minutes but fewer
24 than one hundred eighty minutes shall be counted as one-half day's
25 attendance..

26 (b) "Fractional student" means a pupil enrolled in an educational
27 program of ninety or more minutes but fewer than one hundred eighty minutes
28 per day not including meal and recess periods. A fractional student shall be
29 counted as one-half of a full-time student.

30 (c) "Full-time student" means a pupil enrolled in an educational
31 program for a minimum of one hundred eighty minutes per day not including
32 meal and recess periods.

33 (d) "Pupil with a disability" has the same meaning as child with a
34 disability prescribed in section 15-761.

35 2. All pupils shall be counted as if they were enrolled in grades nine
36 through twelve.

37 3. The teacher experience index is 1.00.

38 4. The calculation for additional teacher compensation monies as
39 prescribed in section 15-952 is available.

40 5. Section 15-943, paragraph 1 does not apply.

41 6. The base support level and capital outlay amounts calculated
42 pursuant to this section shall be multiplied by 0.67.

43 7. The school year shall consist of a period of not less than two
44 hundred eight days.

1 F. The director of the state department of corrections may use
2 sections 15-855, 15-942 and 15-948 in making the calculations prescribed in
3 subsection E of this section. The director of the state department of
4 corrections and the department of education shall prescribe procedures for
5 calculating ~~average daily attendance and~~ average daily membership.

6 G. Equalization assistance for correctional education programs
7 provided for those pupils specified in subsection A of this section is
8 determined by adding the amount of the base support level and the capital
9 outlay revenue limit for the budget year calculated as prescribed in
10 subsection E of this section.

11 H. The director of the state department of corrections shall keep
12 records and provide information as the department of education requires to
13 determine the appropriate amount of equalization assistance. Equalization
14 assistance shall be used to provide educational services in this section.

15 I. The department of education and the state department of corrections
16 shall enter into an intergovernmental agreement that establishes the
17 necessary accountability between the two departments regarding the
18 administrative and funding requirements contained in subsections A and B of
19 this section. The agreement shall:

20 1. Provide for appropriate education to all committed youths as
21 required by state and federal law.

22 2. Provide financial information to meet requirements for equalization
23 assistance.

24 3. Provide for appropriate pupil intake and assessment procedures.

25 4. Require pupil performance assessment and the reporting of results.

26 Sec. 22. Section 16-531, Arizona Revised Statutes, is amended to read:

27 16-531. Appointment of election boards and tally boards;
28 qualifications

29 A. When an election is ordered, and not less than twenty days prior to
30 a general or primary election, the board of supervisors shall appoint for
31 each election precinct one inspector, one marshal, two judges and not less
32 than two clerks of election. The inspector, marshal, judges and clerks shall
33 be qualified voters of the precinct for which appointed, unless there is not
34 a sufficient number of persons available to provide the number of
35 appointments required. The inspector, marshal and judges shall not have
36 changed their political party affiliation or their no party preference
37 affiliation since the last preceding general election, and if they are
38 members of the two political parties which cast the highest number of votes
39 in the state at the last preceding general election, they shall be divided
40 equally between these two parties. There shall be an equal number of
41 inspectors in the various precincts in the county who are members of the two
42 largest political parties. In each precinct where the inspector is a member
43 of one of the two largest political parties, the marshal in that precinct
44 shall be a member of the other of the two largest political parties. Whenever
45 possible, any person appointed as an inspector shall have had previous

1 experience as an inspector, judge, marshal or clerk of elections. If there
2 is no qualified person in a given precinct, the appointment of an inspector
3 may be made from names provided by the county party chairman. If not less
4 than ninety days prior to the election the chairman of the county committee
5 of either of the parties designates qualified voters of the precinct, or of
6 another precinct if there are not sufficient members of his party available
7 in the precinct to provide the necessary representation on the election board
8 as judge, such designated qualified voters shall be appointed. The judges,
9 together with the inspector, shall constitute the board of elections. Any
10 registered voter in the election precinct, or in another election precinct if
11 there are not sufficient persons available in the election precinct for which
12 the clerks are being appointed, may be appointed as clerk.

13 B. If the election precinct consists of fewer than two hundred
14 qualified electors, the board of supervisors may appoint not fewer than one
15 inspector and two judges. The board of supervisors shall give notice of
16 election precincts consisting of fewer than two hundred qualified electors to
17 the county chairmen of the two largest political parties not later than
18 thirty days before the election. The inspector and judges shall be appointed
19 in the same manner by party as provided in subsection A of this section.

20 C. If a nonpartisan election is ordered, not less than twenty days
21 before the election the governing board holding the election shall appoint,
22 without consideration for political party, a minimum of three election
23 workers for each polling place. The election workers shall consist of at
24 least one inspector and two judges. Whenever possible, they shall be
25 qualified electors of the precinct located within the district, without
26 consideration for political party.

27 D. Where the election precinct consists of three hundred fifty or more
28 qualified electors, the board of supervisors may in addition to the board of
29 elections appoint a similar board to be known as the tally board. The tally
30 board shall take custody of the ballots from the closing of the polls until
31 the tally of the ballots is completed. The tally board shall consist of the
32 inspector of the board of elections, two judges and not less than two clerks.
33 The inspector and two judges shall be appointed to provide as equal as
34 practicable representation of members of the two largest political parties on
35 the board in the same manner as provided for the election boards. Any
36 registered voter in the election precinct, or in another election precinct if
37 there are not sufficient persons available in the election precinct for which
38 the clerks are being appointed, may be appointed as clerk. A member
39 appointed to serve on the tally board, with the exception of the inspector of
40 the board of elections, shall not be appointed to serve on the board of
41 elections. The inspector of the board of elections shall be a member of the
42 tally board and during such time shall act as the supervisor of the tally
43 board. No United States, state, county or precinct officer, nor a candidate
44 for office at the election, other than a precinct committeeman or a candidate

1 for the office of precinct committeeman, is qualified to act as judge,
2 inspector, marshal or clerk.

3 E. If an electronic voting system is in use the write-in ballots shall
4 be tallied by a board of elections consisting of one inspector and two judges
5 who are appointed in the same manner by party as provided in subsection A of
6 this section.

7 F. At least ten days before a special election, the governing body
8 conducting the election may in like manner appoint a special tally board or
9 boards for the specific purpose of tallying the ballots on the closing of the
10 polls. The tally boards shall consist of at least one inspector and two
11 judges. The inspector of the board of elections shall act as the supervisor
12 of the tally board.

13 G. Notwithstanding any other law, the board of supervisors may appoint
14 to an election board to serve as a clerk of election a person who is not
15 eligible to vote if all of the following conditions are met:

16 1. The person is a minor who will be at least sixteen years of age at
17 the time of the election for which the person is named to the election board.

18 2. The person is a citizen of the United States at the time of the
19 election for which the person is named to the election board.

20 3. The person is supervised by an adult who has been trained as an
21 elections officer.

22 4. The person has received training provided by the officer in charge
23 of elections.

24 5. The parent or guardian of the person has provided written
25 permission for the person to serve.

26 H. A school district or charter school shall not be required to reduce
27 its average daily membership ~~or average daily attendance~~, as defined in
28 section 15-901, for any pupil who is absent from one or more instructional
29 programs as a result of the pupil's service on an election board pursuant to
30 subsection G of this section.

31 I. A school district or charter school shall not count any pupil's
32 absence from one or more instructional programs as a result of the pupil's
33 service on an election board pursuant to subsection G of this section against
34 any mandatory attendance requirements for the pupil.

35 J. Nothing in this section shall prevent the board of supervisors or
36 governing body from refusing for cause to reappoint, or from removing for
37 cause, an election or tally board member.

38 Sec. 23. Section 41-563, Arizona Revised Statutes, is amended to read:

39 41-563. Expenditure limitations; determination by the
40 commission; definitions

41 A. For political subdivisions the commission shall:

42 1. Determine the base limit level of political subdivisions for each
43 political subdivision subject to an expenditure limitation pursuant to
44 article IX, section 20, Constitution of Arizona. For THE purposes of this
45 subsection and subsection D of this section, the "base limit" of each

1 political subdivision means the amount of actual payments of local revenues
2 by such political subdivision in fiscal year 1979-1980 as used to determine
3 the expenditure limitation pursuant to paragraph 4 of this subsection.

4 2. Determine and report to the governing board of each political
5 subdivision subject to an expenditure limitation pursuant to article IX,
6 section 20, Constitution of Arizona, prior to February 1 of each year, the
7 following:

8 (a) The total of the estimated population of each such political
9 subdivision as of July 1 of the prior year and the estimated population of
10 any areas annexed by such political subdivisions thereafter, based on the
11 population estimates developed by the department of economic security. The
12 population of any areas annexed thereafter must be estimated as of July 1 of
13 the prior year.

14 (b) The estimated change in the GDP price deflator used to determine
15 the expenditure limitation for the following fiscal year over the GDP price
16 deflator used to determine the expenditure limitation for the current fiscal
17 year.

18 (c) The estimated expenditure limitation for each such political
19 subdivision for the following fiscal year.

20 3. Determine and report to the governing board of each political
21 subdivision subject to an expenditure limitation pursuant to article IX,
22 section 20, Constitution of Arizona, prior to April 1 of each year, the
23 following:

24 (a) The total of the population of each such political subdivision as
25 of July 1 of the prior year and the population of any areas annexed by such
26 political subdivisions thereafter. The population of any areas annexed
27 thereafter must be estimated as of July 1 of the prior year.

28 (b) The estimated change in the GDP price deflator used to determine
29 the expenditure limitation for the following fiscal year over the GDP price
30 deflator used to determine the expenditure limitation for the current fiscal
31 year.

32 (c) The expenditure limitation for each such political subdivision for
33 the following fiscal year.

34 4. Determine the expenditure limitation for each political subdivision
35 subject to an expenditure limitation pursuant to article IX, section 20,
36 Constitution of Arizona, as follows:

37 (a) Determine the population of the political subdivision as of July
38 1, 1978.

39 (b) Determine the total population of the political subdivision as
40 required by paragraph 3, subdivision (a) of this subsection.

41 (c) Divide the population determined in subdivision (b) of this
42 paragraph by the population determined in subdivision (a) of this paragraph.

43 (d) Determine the estimated or actual GDP price deflator for the 1978
44 calendar year.

1 (e) Determine the estimated GDP price deflator for the calendar year
2 immediately preceding the fiscal year for which the expenditure limitation is
3 being determined.

4 (f) Divide the GDP price deflator determined in subdivision (e) of
5 this paragraph by the GDP price deflator determined in subdivision (d) of
6 this paragraph.

7 (g) Multiply the amount determined in paragraph 1 of this subsection
8 for the political subdivision by the quotient determined in subdivision (c)
9 of this paragraph and multiply the resulting product by the quotient
10 determined in subdivision (f) of this paragraph.

11 5. If any annexation, consolidation or change in the boundaries of a
12 political subdivision occurs after the determination and report required by
13 paragraph 3 of this subsection but before July 1 of the current year, the
14 commission ~~shall~~, as promptly as feasible, SHALL redetermine the total
15 population, calculated in paragraph 4, subdivision (b) of this subsection, of
16 the political subdivisions affected by the annexation, consolidation or
17 change in boundaries. The commission shall determine respective amended
18 expenditure limitations based on the amended population, which shall be
19 promptly reported to the governing board of each of the affected political
20 subdivisions. The political subdivisions affected shall use the revised
21 expenditure limitation if it is received before the annual financial
22 statement and estimate of expenses is prepared as required by section
23 42-17101.

24 6. In the event of the creation of a new city or town, the base limit
25 of the new city or town shall be determined by multiplying the average amount
26 of actual fiscal year 1979-1980 per capita payments of local revenues for all
27 cities and towns within the county in which the new city or town is located
28 by the population of the new city or town.

29 7. In the event of the division of a county into two or more new
30 counties, determine the expenditure limitation for each of the new counties
31 or the consolidation of counties, pursuant to article IX, section 20,
32 Constitution of Arizona, using one of the following two methods. The board
33 of supervisors of each new county upon the affirmative vote of two-thirds of
34 the members of the board of supervisors ~~shall~~, on or before February 1
35 following the county's establishment, SHALL adopt one of the expenditure
36 limitations determined:

37 (a) Method one:

38 (i) Determine the existing county which has a population closest to
39 the population of the new county as of July 1 for the fiscal year preceding
40 the fiscal year for which the expenditure limit is being determined.

41 (ii) Determine the per capita expenditure limit for the existing
42 county determined in item (i) of this subdivision based on the amount
43 determined in paragraph 3, subdivision (c) of this subsection for the first
44 full fiscal year following the establishment of the new county government.

1 (iii) Multiply the per capita amount determined in item (ii) of this
2 subdivision by the population of the new county as of July 1 in the fiscal
3 year in which the new county government is established. The amount thus
4 determined is the expenditure limit for the new county for the first full
5 fiscal year following its establishment.

6 (iv) Determine a base limit for the new county which will yield the
7 new expenditure limit determined in item (iii) of this subdivision for the
8 first full fiscal year following the establishment of the new county
9 government.

10 (b) Method two:

11 (i) Determine the per capita expenditure limit of the old county or
12 counties for the last full fiscal year prior to the establishment of the new
13 county government based upon the amount determined in paragraph 3,
14 subdivision (c) of this subsection.

15 (ii) Multiply the per capita amount determined in item (i) of this
16 subdivision by the population of the new county as of July 1 in the fiscal
17 year in which the new county government is established. The amount thus
18 determined is the expenditure limit for the new county for the first full
19 fiscal year following its establishment.

20 (iii) Determine a base limit for the new county which will yield the
21 new expenditure limit determined in item (ii) of this subdivision for the
22 first full fiscal year following the establishment of the new county
23 government.

24 8. If the governing board of a political subdivision authorizes
25 expenditures in excess of the expenditure limitation determined pursuant to
26 paragraph 4 of this subsection as provided in article IX, section 20,
27 subsection (2), paragraph (b), subdivision (i), Constitution of Arizona, the
28 expenditure limitation for such political subdivision for the following
29 fiscal year shall be reduced by the amount of expenditures in excess of the
30 limitation, unless the governing board has held an election as provided in
31 article IX, section 20, subsection (2), paragraph (b), subdivision (ii),
32 Constitution of Arizona, and the excess expenditure has been approved by a
33 majority of the qualified electors voting in such election.

34 9. If the citizens of a political subdivision approve an increase or
35 decrease in the expenditure limitation as provided in article IX, section 20,
36 subsection (6), Constitution of Arizona, the base limit of a political
37 subdivision shall be adjusted by the commission such that the expenditure
38 limitation of the political subdivision for the fiscal year following
39 approval reflects the approved increase or decrease.

40 B. For community college districts the commission shall:

41 1. Determine the base limit of each community college district subject
42 to an expenditure limitation pursuant to article IX, section 21, Constitution
43 of Arizona. For THE purposes of this subsection and subsection D of this
44 section, the "base limit" of each community college district means the amount
45 of expenditures of local revenues in fiscal year 1979-1980 as used to

1 determine the expenditure limitation pursuant to paragraph 4 of this
2 subsection.

3 2. Determine and report to the governing board of each community
4 college district prior to February 1 of each year the following:

5 (a) The estimated student population, utilizing the procedure
6 prescribed in section 15-1466.01, of each community college district for the
7 following fiscal year.

8 (b) The estimated change in the GDP price deflator as prescribed in
9 subsection A, paragraph 2, subdivision (b) of this section.

10 (c) The expenditure limitation for each community college district for
11 the following fiscal year.

12 (d) The modified expenditure limitation as prescribed in section
13 15-1471, if applicable.

14 3. Determine and report to the governing board of each community
15 college district prior to April 1 of each year the following:

16 (a) The student population, utilizing the procedure prescribed in
17 section 15-1466.01, of each community college district for the following
18 fiscal year.

19 (b) The estimated change in the GDP price deflator as prescribed in
20 subsection A, paragraph 2, subdivision (b) of this section.

21 (c) The expenditure limitation for each community college district for
22 the following fiscal year.

23 (d) The modified expenditure limitation as prescribed in section
24 15-1471, if applicable.

25 4. Determine the expenditure limitation for each community college
26 district, as follows:

27 (a) Determine the student population of each community college
28 district for fiscal year 1979-1980 using the definition of full-time
29 equivalent student in section 15-1401 in 1979-1980, except that if a
30 redefinition of full-time equivalent student changes the number of semester
31 credit units per semester from fifteen units, the student population for the
32 1979-1980 base year shall be recalculated using the new number of units.

33 (b) Determine the estimated student population of each community
34 college district for the fiscal year for which the expenditure limitation is
35 being determined using the definition of full-time equivalent student in
36 section 15-1401.

37 (c) Divide the student population determined in subdivision (b) of
38 this paragraph by the student population determined in subdivision (a) of
39 this paragraph.

40 (d) Determine the estimated or actual GDP price deflator for the 1978
41 calendar year.

42 (e) Determine the estimated GDP price deflator for the calendar year
43 immediately preceding the fiscal year for which the expenditure limitation is
44 being determined.

1 (f) Divide the GDP price deflator determined in subdivision (e) of
2 this paragraph by the GDP price deflator determined in subdivision (d) of
3 this paragraph.

4 (g) Multiply the amount determined in paragraph 1 of this subsection
5 for the community college district by the quotient determined in subdivision
6 (c) of this paragraph and multiply the resulting product by the quotient
7 determined in subdivision (f) of this paragraph.

8 5. In the event of an annexation, creation of a new community college
9 district or a consolidation or change in the boundaries of a community
10 college district, the base limit of a community college district shall be
11 adjusted by the commission according to the following guidelines:

12 (a) In the event of the creation of a new community college district,
13 the base limit of the community college district shall be determined by
14 multiplying the average amount of 1979-1980 per capita expenditures of local
15 revenues for all community college districts within the state by the student
16 population of the new community college district. The expenditure limit of
17 the county in which the new community college district is located shall be
18 reduced by the amount paid to other community college districts for tuition
19 in the fiscal year preceding the fiscal year in which the new community
20 college district is created.

21 (b) In the case of an annexation, consolidation or change in the
22 boundaries of a community college district, the base limit of a community
23 college district shall be adjusted by the commission to reflect the change by
24 increasing the base limit of the community college district gaining the newly
25 included territory and decreasing the base limit of the community college
26 district losing the territory.

27 (c) If an existing community college district consolidates with a
28 contiguous county not part of a community college district the commission
29 shall:

30 (i) Increase the base limit of the existing community college district
31 by an amount equal to the amount of revenue which would have been generated
32 by applying the primary property tax rate of the existing community college
33 district in the immediately prior year to the limited assessed valuation of
34 the contiguous county in the immediately prior year.

35 (ii) Decrease the base limit of the contiguous county by the amount of
36 reimbursement prescribed by section 15-1469, subsection B, paragraph 1, paid
37 by such county in the 1979-1980 base year, except that no decrease shall be
38 made to the base limit of such county if the reimbursement prescribed by
39 section 15-1469, subsection B, paragraph 1 in the immediately prior year was
40 paid by the state pursuant to section 15-1469.01.

41 (d) In the case of a decrease in service boundaries of a community
42 college district, the base limit of the community college district shall be
43 reduced by the commission to reflect the amount attributable to the service
44 area in fiscal year 1979-1980 and the base student population of the
45 community college district shall be reduced by the commission to reflect

1 fiscal year 1979-1980 student population attributable to the service area.
2 The adjusted base limit and the adjusted fiscal year 1979-1980 student
3 population shall be used in determining the expenditure limitation for the
4 community college district in the first year in which the service boundaries
5 are diminished and in each subsequent year.

6 C. For school districts the commission shall:

7 1. Determine the base limit of school districts subject to the
8 expenditure limitation prescribed by article IX, section 21, subsection (2),
9 Constitution of Arizona. For THE purposes of this subsection and subsection
10 D of this section, the "base limit" means the total amount of expenditures of
11 local revenues of all school districts in fiscal year 1979-1980 as used to
12 determine the expenditure limitation pursuant to paragraph 4 of this
13 subsection.

14 2. Determine and report to the legislature prior to March 1 of each
15 year the following:

16 (a) The estimated total student population, ~~utilizing the procedure~~
17 ~~prescribed in section 15-902, subsection A,~~ of all school districts for the
18 current year.

19 (b) The estimated change in the GDP price deflator as prescribed in
20 subsection A, paragraph 2, subdivision (b) of this section.

21 (c) The estimated aggregate expenditure limitation for all school
22 districts for the following fiscal year.

23 3. Determine and report to the legislature, prior to May 1 of each
24 year, the following:

25 (a) The total student population, ~~utilizing the procedure prescribed~~
26 ~~in section 15-902, subsection A,~~ of all school districts for the current
27 year.

28 (b) The estimated change in the GDP price deflator as prescribed in
29 subsection A, paragraph 2, subdivision (b) of this section.

30 (c) The aggregate expenditure limitation for all school districts for
31 the following fiscal year.

32 4. Determine the aggregate expenditure limitation for all school
33 districts as follows:

34 (a) Determine the aggregate student population of all school districts
35 for the school year 1978-1979.

36 (b) Determine the total student population of all school districts for
37 the current year.

38 (c) Divide the aggregate student population determined in subdivision
39 (b) of this paragraph by the aggregate student population in subdivision (a)
40 of this paragraph.

41 (d) Determine the estimated or actual GDP price deflator for the 1978
42 calendar year.

43 (e) Determine the estimated GDP price deflator for the calendar year
44 immediately preceding the fiscal year for which the aggregate expenditure
45 limitation is being determined.

1 (f) Divide the GDP price deflator determined in subdivision (e) of
2 this paragraph by the GDP price deflator determined in subdivision (d) of
3 this paragraph.

4 (g) Multiply the amount determined in paragraph 1 of this subsection
5 by the quotient determined in subdivision (c) of this paragraph and multiply
6 the resulting product by the quotient determined in subdivision (f) of this
7 paragraph.

8 D. In the case of a transfer of all or any part of the cost of
9 providing a governmental function, pursuant to article IX, section 20,
10 subsection (4), Constitution of Arizona, or article IX, section 21,
11 subsection (5), Constitution of Arizona, the base limit of political
12 subdivisions, community college districts or school districts, whichever is
13 applicable, shall be adjusted by the commission to reflect the transfer by
14 increasing the base limit of the political subdivision, community college
15 district or school district to which the cost is transferred and decreasing
16 the base limit of the political subdivision, community college district or
17 school district from which the cost is transferred by the amount of the cost
18 of the transferred governmental function.

19 E. ~~IN~~ FOR THE PURPOSES OF this section:

20 1. "Commission" means the economic estimates commission.

21 2. "GDP price deflator" means the average of the four implicit price
22 deflators for the gross domestic product reported by the United States
23 department of commerce for the four quarters of the calendar year.

24 3. "Political subdivision" means any county, city, including any
25 charter city, or town.

26 4. "Population" shall be defined pursuant to article IX, section 20,
27 subsection (3), paragraph (f), Constitution of Arizona.

28 5. "Student population" shall be defined pursuant to article IX,
29 section 21, subsection (4), paragraph (e), Constitution of Arizona.

30 Sec. 24. Effective date

31 This act is effective from and after June 30, 2011.

APPROVED BY THE GOVERNOR MAY 11, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 12, 2010.